

Town of Sudbury ~ Finance Committee
Minutes of Meeting
Thursday – February 4, 2010
Flynn Building (Silva Room) – 7:30pm

PRESENT: Chairman Chuck Woodard, Joan Carlton, Jaime Gossels, Bob Jacobson, Bill Kneeland, Marty Ragonas, Jim Rao, Robert Stein, and Sheila Stewart

Opening Comments:

The meeting was opened at 7:33pm. Chuck Woodard informed the audience that at tonight's meeting Tammie Dufault would be making a presentation regarding the Community Preservation Act and the committee would be reviewing the Town Meeting articles.

CPA Presentation by Tammie Dufault:

The committee was informed that two articles will be put forth at the Annual Town Meeting regarding the CPA. One is to reduce the CPA surcharge from 3% to 1.25%, and the other is to use CPA funds to pay the bonds off in full for the Cutting Farm and Libby Land purchases.

Tammie Dufault began her presentation by reviewing the history of Sudbury's CPA surcharge. The town adopted the CPA in 2002 and has been paying a 3% surcharge since that time. She reviewed the three areas where the funds must be allocated. No less than 10% of the funds must be allocated to the following areas: affordable housing, acquisition and preservation of open space, and the acquisition and preservation of historic building and landscapes.

Tammie Dufault reviewed the past and future matches expected from the state. The benefit of town adopting the 3% match was so that the town would receive the maximum allowable match. The matches distributed were based on the level of surcharge the town charged. Originally few communities adopted that program, so the matches were high. As more communities adopted the program, the match formula was changed. With the new formula Sudbury is not expected to receive the amount of matches it has received in the past.

Tammie Dufault and the committee discussed the amount of the CPA debt, the CPA reserve balance, and some of the purchases.

Jaime Gossels questioned the way the figures were being presented. She thinks it is misleading to be adding the interest amounts into the total figures. Tammie Dufault agreed that you can look at debt figures that way, but does not agree with the idea. She believes the interest needs to be included up front, so that the true total amount is known. Chuck Woodard stated that he understood what Tammie was saying, but does not think the average resident would look at it this way any more than they do the mortgage interest on a home purchase.

Bob Jacobson and Chuck Woodard both stated that they were having difficulties with the way the numbers are being presented. This was not to be interpreted as to whether or not they supported the articles. They are just trying to make sense of the numbers. Tammie Dufault agreed to send some of her spreadsheets to them. She urged the committee to take a further look at her presented materials. She would be happy to answer questions or explain the information further should the committee have questions at a later time.

Robert Stein stated that he spoke out against the Nobscot purchase at the Annual Town meeting and that nothing about interest charges were discussed at the Annual Town Meeting. He asked Tammie why she did not recommend reducing the surcharge further. Tammie Dufault's response was that she believes the CPA is a good program, and realizes that the town budgets will not be able to support these types of purchases in the future. Robert Stein questioned the trend in the state regarding the approval of the CPA. Tammie Dufault responded that towns are now having trouble getting the CPA adopted and that some are presenting articles to reduce their surcharge percentage.

Robert Stein questioned if there is an investment policy. Andrea Terkelsen gave an explanation of the interest rates the CPA has received and some of the type of accounts that the CPA funds may be invested in. Maureen Valente, Town Manager, explained that the state has a safety list restricting where the funds can be invested. The funds cannot be invested where the principal amount will be at risk.

There were questions regarding the legality as to whether votes at Town Meeting are all that is needed to pay off the debt. Jody Kablack, Town Planner, explained that the CPC has to make a recommendation to use the reserve funds to either pay off the debt or a new project. Without their recommendation, an article to use the funds cannot be presented to Town Meeting for a vote, regardless of the purpose. However, it was agreed that the CPC's recommendation is not needed to present an article at the Annual Town Meeting to reduce the surcharge.

Chris Morley, CPC chairman, explained that there is a bill moving through the senate to keep the match at 75%. Approximately 142 communities throughout the state participate in this program. He stated that the whole purpose of getting the CPA originally adopted was to purchase open space to prevent developers from buying the land and building houses where school age children would move in.

Robert Stein questioned why CPA funds were being used for affordable housing that includes school age children. He recommended adding a clause for the housing to be available for people age 55 and over. Chris Morley stated they cannot put these types of limitations in place, because it would be considered discrimination. Chuck Woodard reminded everyone that they were here to hear the two articles that Tammie Dufault was planning to present at the Annual Town Meeting. He believes that the numbers and facts underlying Ms. Dufault's presentation should be verified before the FinCom considers a vote on her articles and that if they cannot be verified the FinCom should vote no. He further stated that he believes this should be the case for any petitioner presentation to Town Meeting on an article with financial implications.

Jody Kablack state that she has not had the time to go through all of Tammie Dufault's spreadsheets, but they have significant differences. Tammie Dufault stated she had trouble getting the numbers vetted with the town. Maureen Valente stated that she is willing to make a limited number of staff hours available to vet these numbers. She stated that the FinCom needs to take some responsibility. Jim Rao agreed to conduct due diligence on the numbers and financial model presented by Ms. Dufault and report back to the FinCom prior to Town Meeting and a vote.

Sheila Stewart informed everyone that the CPC has not seen what was presented to the FinCom tonight nor have they held any discussions regarding that information..

On behalf of the FinCom, Jim Rao volunteered to review the data and assumptions so that the FinCom can report a recommendation on the proposed articles at Town Meeting.

Override Budget Discussion:

Chuck Woodard reviewed what had been discussed with the working group.

Since the joint meeting with the Board of Selectmen is approaching Chuck Woodard asked the committee members if they would provide a sense as to where they stand in regards to a possible override recommendation.

Jaime Gossels, Marty Ragonas, Bill Kneeland, Bob Jacobson, Chuck Woodard, and Jim Rao stated they were comfortable with the \$1.753 million override that has been discussed, and which would result in a \$515 or 4.92% tax increase for the average homeowner. Bob Stein stated he has issues with the recommendation because of the salary increases. Joan Carlton stated she was not originally in support, but after everything she has heard she is now in agreement. Sheila Stewart stated that after everything she heard at the February 2 hearing, she is now in agreement.

Review of Warrant Articles:

Article 6 - Amendment of Town Bylaws for Town Meeting commencement. Maureen Valente stated that the committee might want to take a position because this would affect the committee's budget hearing schedule.

Article 7 – Transfer Station Enterprise Fund Budget. Chuck Woodard asked if they will see the actual numbers. Maureen Valente replied that the figures are in the committee's big budget books. Bill Kneeland asked about the amount of accumulated retained earnings.

Article 12 – Real Estate Exemption. Selectmen Larry O'Brien stated that these are the standard deductions that have been presented in the past.

Articles 14 & 15 – Local meals & room occupancy excise tax. Larry O'Brien stated that these articles are not anticipated to generate a large amount of revenues, but it will be something. A lot of town's are now adopting these. Because of the deadlines for the printing of the warrant these were submitted even though there is work to be done. The selectmen will be holding an open meeting to discuss the hotel excise.

Article 16 – Consolidate Facility Maintenance Function. Maureen Valente explained that nothing has been appropriated for this position. Because of the different ways the school and town budget are spent, the town needs to adopt this article at the ATM before moving forward. Bryan Semple, resident, questioned if a third facility manager was going to be hired. Maureen Valente stated that nothing has been decided yet and that they were still looking into the creation of this new position. There is still more analysis that needs to be done, to determine the kind of savings that can be achieved.

Article 17 – Increase delinquent tax collection charge. Maureen Valente explained the fee has not been raised in over 20 years. Bob Jacobson stated he supports the article but why not make the charge higher, because of the cost to process the Town's claim. Andrea Terkelsen stated they chose to go with \$10 because of the variety of types of bills that are sent out.

Article 21- Wireless Services Overlay District. Larry O'Brien stated that the committee might want to review this article and take a position.

Articles 22 thru 24 – It was agreed that there is no need for the committee to take a position on these articles.

Article 42 – Commitment to fund Rail Trail Re-Routing studies. Sheila Stewart informed the committee that the petitioner made a presentation to the CPC. The CPC did not vote on this article.

The committee was reminded of the joint meeting with the Board of Selectmen on February 8th.

There being no further business, the committee adjourned at 10:09pm.