

Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – June 21, 2010
Flynn Building – 7:30pm

Present: Chairman Jim Rao, Joan Carlton, Jamie Gossels, Bob Jacobson, Bill Kneeland, Robert Stein, and Chuck Woodard.

Absent: Marty Ragonas

Opening Comments

The meeting was opened at 7:39pm.

Item 1: Approve Meeting Minutes

Jim Rao reminded the committee that he, Chuck Woodard, and Joan Carlton had previously emailed their proposed changes to the May 17, 2010 minutes.

VOTED: Motion to approve the minutes of the May 17, 2010 meeting, with the understanding that the recommend changes be made. Motion made by Jamie Gossels and seconded by Joan Carlton. On vote, motion carries 7 in support, 0 opposed, and 1 absent (Ragonas).

Jim Rao informed the committee that he has been approached in regards to revising the minutes of the October 19, 2009 meeting. It was recommended that the committee fix the order of priorities listed under Item 3. The original minutes only summarize the top priorities, and it is being requested that the minutes reflect the specific rank order that the priorities received after they were voted on by the committee.

VOTED: Motion to revise the minutes of the October 19, 2009 meeting. Motion made by Joan Carlton and seconded by Bill Kneeland. On vote, motion carries 7 in support, 0 opposed, and 1 absent (Ragonas).

Item 2: Transfers and Other Business

Transfers #10-17 is a Reserve Fund Transfer in the amount of \$73,000 and is being requested by the Finance Director. Town Manger, Maureen Valente presented the transfer request to the committee. The main reason that the requested is being made is the chief has been spending the funds based on the assurance that the town would be receiving grants/revenue before June 30, and but now the funds are expected later than the end of the month.

Finance Director, Andrea Terkelsen explained that the funds will be used to cover the FY10 spending for n Fire overtime and contracted services. She informed the committee that the current balance for the Reserve Fund is \$75,658.08. The transfer will be needed in order to fulfill the FY10 payroll obligations.

Jim Rao questioned the possibility of not receiving the expected funds. Andrea Terkelsen said the funds are still expected to be received, and it is just a timing issue.

Bob Jacobson stated he would like a commitment that the committee is notified as to the amount of the funds and the date of when they are received.

VOTED: Motion to approve Reserve Fund Transfer #10-17 in the amount of \$73,000. Motion made by Bob Jacobson and seconded by Bill Kneeland. On vote, motion carries 7 in support, 0 opposed, and 1 absent (Ragones).

Item 3: Update of FY11 Revenue Forecast

Jim Rao presented the revenue forecast update. The preparation of this document was a joint effort between him, Andrea Terkelsen, Mary Will, and Judy Belliveau. He reminded the committee how the figures changed from the budget hearings, to the printing of the warrant, and to the ones that were presented at the Annual Town Meeting. The purpose of this is to give the residents an idea of what the final numbers are. He reminded the committee that the numbers are not final yet. The Governor is trying to not touch the local aid. This document can be easily updated and published once the final figures are known. The document will be posted on the website.

Jim Rao informed the committee that the information on page 4 of the document was pulled from the Cherry Sheet date. The last two sheets look at a broader range of total revenues and not just State Aid.

Chuck Woodard asked what the feeling is regarding Local Receipts for FY11. Andrea Terkelsen stated that nothing is showing that local aid for FY11 needs to be adjusted at this point. There is always the possibility that we will need to deal with 9C cuts.

Item 4: New member interview process

Jim Rao explained the process that would be used to interview the potential candidates. The applicants to be interviewed tonight include: Tammie Dufault, Michael Hullinger, and Thomas Travers.

Each applicant was given the opportunity to present a brief summary of their job career experience and their reason for applying to the Finance Committee. The three applicants were asked the same set of questions that the committee had used for prior interviews. The questions included why they applied, to explain their background, and if they would be willing to serve a minimum of 3-years if appointed to the committee.

Robert Stein questioned the applicants on if the entire Finance Committee was voting one way on a potential override, would they be comfortable placing a dissenting vote or would they be a team player and vote the same as the other committee members. Michael Hullinger stated he would analyze the information but would vote based on how he feels about the matter at the time. He stated that it sends a bad message if the votes are unanimous. Thomas Travers stated he would listen to others, but he would vote what he feels is right. Chuck Woodard pointed out that whether you vote with the majority is not a test of whether you are a team player.

Robert Stein questioned the applicants on their pros and cons on an override, and optionally how they voted. Michael Hullinger stated that he voted against the override, since the public hears the same reasons each year as to why an override is being presented and no long-term solutions are being proposed. Tammie Dufault would not discuss how she voted on the last ballot since she believes it is a private matter for all citizens. She is concerned about the seniors in town, and agreed that no solutions are being proposed. Thomas Travers also refused to divulge how he voted, but stated a lot of negatives came out as to what happens without the override, but believes a positive spin needs to be addressed instead so it understood why an override is needed.

As with previous appointments, the FinCom members would rank their preferences (1st, 2nd, & 3rd) on the ballot sheet and the chairman would tally the votes. The candidate with the lowest point value would be referred to the Town Moderator for an interview prior to their appointment by the committee.

Prior to announcing the results of the ballot, Jim Rao thanked all of the candidates for their time. Robert Stein informed the candidates that he ran for public office and for a position on the FinCom multiple times before he was finally appointed to the Finance Committee. He stated that all 3 applicants were great candidates for the open position, and he encouraged them to keep applying.

The ballot placed by each FinCom member was read aloud by Jim Rao. Once the ballots were tallied, it was announced by Jim Rao that Tammie Dufault had been recommended to fill the open position. The following chart reflects how each committee member voted.

	Tammie Dufault	Michael Hullinger	Thomas Travers
Joan Carlton	1	3	2
Jamie Gossels	3	2	1
Robert Jacobson	1	3	2
Bill Kneeland	1	2	3
Jim Rao	1	2	3
Robert Stein	1	2	3
Chuck Woodard	1	2	3
Total	9	16	17

Item 5: Proposed Addendum to FinCom Procedures: Public Comment Policy

Jim Rao stated that this agenda item is a follow up from the last meeting where it was discussed about adding a “Public Comment” time to the Finance Committee’s future agendas. The FinCom does have a formal Policies and Procedures document, but it does not address allowing the public to make comments at the meetings. To come up with the new Public Comment section, Jim Rao stated he borrowed the wording from the LS guidelines. Jim Rao asked the committee if they had any comments or suggestions on the draft he presented.

Joan Carlton suggested clarifying when the public needs to provide the committee with any written statements. She suggested that it be added that the written statements need to be provided to the committee prior to start of the meeting.

VOTED: Motion to approve the addendum to Finance Committee Rules and Procedures with the understanding that tonight’s suggested changes be made. Motion made by Robert Stein and seconded by Jamie Gossels. On vote, motion carries 7 in support, 0 opposed, and 1 absent (Ragones).

Item 6: FinCom Priorities for FY11

Jim Rao stated that he believes the committee needs to look beyond the current budget cycle. He agrees with taking a look at longer forecasts, such as what expected revenues will look for the next couple of years.

Joan Carlton agreed that a forecast needs to be looked at for more than one year. FY12 will be the third year of the contract, and she believes the committee needs to look at how we can have an influence on the next round of contract negotiations. She believes that the contracts are the main driver of the budget.

Robert Stein suggested looking at the current economic factors. If inflation is at 1% and we have a 2.5% constraint on raising taxes, then the committee should push more for no overrides. He believes that overrides should be used for emergency purposes only, and not used to support salaries.

Chuck Woodard stated that most of the town's revenues are based on property taxes. Projections can be made on these with and without overrides. He believes that the FinCom needs to take a very public view on the budget growth and retiree benefits well in advance of the next round of labor contract negotiations. He stated that about three years ago when the budgets were growing 6 to 7%, the FinCom set a limit of 4.5%. Based on the recent history at the ballot box and the general condition of the private sector, he believes that the limit for the next three years may have to be the no override level.

Jim Rao stated that no forecast will be perfect. He stated that the public wants to understand the assumptions being used for the next few years going ahead, and not handling this on a year to year basis. He stated that the revenues are fairly well understood, but we need to get a handle on state aid.

Bob Jacobson stated that the committee needs to look at the long-term liabilities and how they are going to be paid. This is not a Sudbury structural problem. Everyone is having this problem.

Maureen Valente, Town Manager, explained how the retiree health premium percentages work for the town & SPS retirees. She also explained the retirement percentages that are withheld for employees.

Bob Jacobson stated that the retirement age for employees needs to be changed since people are living longer. He believes the age of 55 is ridiculous for a retirement age. Maureen Valente stated that the age limit is set by the state. The police & fire are the only town employees that can retire on a full pension at the age of 55. There is currently nothing that can be done at the town level regarding this matter.

Robert Stein reminded the committee that at the last meeting he suggested proposing an initiative to Maureen Valente and the school committees to call emergency meetings with the unions in order to renegotiate the contracts. This could result in an immediate solution. The way the contracts are written, they are back-loaded with the biggest increase being given in the third year. He would like to see the contracts renegotiated to a level that is more feasible and that the town can afford. Jim Rao reminded him that this would need to be initiated by the Board of Selectmen.

Chuck Woodard stated he believes the first step should be to prepare a 3 to 4 year forecast, beginning with FY12.

Robert Stein reminded the committee that he had also proposed to form a sub-committee to complete a peer town analysis for SPS, LS, and the town. He would also like to form a subcommittee to look at the actual cost of the SPS & LS Metco programs. He would like the subcommittee to be made up of one or two members of the FinCom, one or two from the public, and one or two members from the cost centers. He stated that he has been attending some of the school committee meeting, and the LS Metco program is costing money to be run. If it were to be eliminated, he stated that Scott Carpenter estimated \$400,000 to \$500,000 could be saved.

Bob Jacobson stated that it would need to be narrowed down as to what peer groups you are looking at: are you trying to compare the town as a whole or just look at a certain group, such as police or fire? The town consists of so many departments and bargaining units. Robert Stein stated that this was a good point. He has seen reports regarding police & fire studies and different towns were used for each department.

Chuck Woodard stated that this seems more like a political than financial issue. When picking the peer towns you are essentially deciding what type and quality of services that should or should not be offered.

Jamie Gossels reminded the committee that preparing a 3-year forecast will not be the end all. The forecast is still only going to be based on assumptions.

Jim Rao stated that the committee needs to work on narrowing the list down. This item will be discussed further at the next meeting. The committee was reminded that the next scheduled meeting will be Monday, July 12.

There being no further business, the committee adjourned at 9:47pm.