

Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – October 25, 2010
Flynn Building (Silva Room) – 7:30pm

Present: Chairman Jim Rao, Tammie Dufault, Jamie Gossels, Bob Jacobson, Bill Kneeland, Marty Ragonas, Robert Stein, and Chuck Woodard

Absent: Joan Carlton

The meeting was opened at 7:35pm.

Item 1: Approve Meeting Minutes

Minutes for meeting of September 20, 2010 were not available for approval at this meeting.

Item2: Transfer and Other Business

Transfers: The committee was informed that there were no transfer requests to take action on.

Item3: Follow-up Discussion from Joint Planning Meeting on September 27

Jim Rao asked the Committee members for their ideas about next steps following the joint Board of Selectmen/FinCom meeting. Specifically he asked about thoughts regarding John Drobinski's suggestion to create a subcommittee comprised of 2 members each of the school committees and FinCom as well as a member of the Board of Selectmen to create a list of priorities for the Town and schools to pursue based on suggestions from the Sept. 27 meeting.

Tammie Dufault asked if this subcommittee would be BRTF Volume 2 and questioned its effectiveness if it wasn't empowered to vote or act. She suggested making recommendations for cost savings after the cost center budgets are presented to the Finance Committee.

Chuck Woodard commented that the most positive aspect of the recent joint meeting is that everyone seems to have a realistic idea of revenue projections and all cost centers are trying to find ways to do more with less.

Marty Ragonas commented that the proposed subcommittee could be effective by staying on top of updates to BRTF/other cost savings spreadsheet. Small groups could work on lagging issues. She prefers financial summits to a BRTF 2 but recognizes the need to continue to revisit the status of recommendations that have been made.

Bob Jacobson suggested that the subcommittee should have a written statement of purpose and goals and objectives.

Bob Stein suggested a goal of \$1-\$1.5 in cost savings. Tammie Dufault proposed a goal of finding savings of ½ of the budget shortfall, with the idea that, if an override is requested, the voters might be more likely to approve a smaller dollar amount. Bob Jacobson suggested providing a revenue assumption to each cost center (e.g. no revenue increase) and instructing each cost center to work within that framework, recognizing that an override would not pass.

Jim Rao summarized the discussion: There may be merit in a subcommittee as a follow-up to the September 27 joint meeting, but goals must be clarified for the sub-committee to be effective. Once specific goals are defined, the Finance Committee can revisit the issue.

Tammie Dufault suggested that goals should include restrictions on the ways in which cost savings are achieved (e.g. no increases in class size, fees). Jamie Gossels and Chuck Woodard believe that cost savings have to come from the cost centers and that the cost centers have to be trusted to make the best decisions with what they have to work with. Several FinCom members asked about the status of the G4 in making recommendations.

Item 4: Discuss the annual letter to cost centers and preliminary budget calendar

Jim Rao explained that he tried to bound the revenue forecasts with the understanding that these will likely change over time. He didn't include a request for a fixed growth budget. Instead of asking for three detailed budgets, the letter requests detail for only the level service budget. The cost centers are additionally asked to consider two projections, with detail for a non-override budget to be provided at a later time, when the FinCom has a better sense of what the actual non-override amount will be. There was discussion about whether we are asking for level service or level staff budgets, and it was decided that the FinCom would like a level staff budget.

The two revenue projections in the letter were for flat revenues and a 5% decrease in revenues as compared to FY11. Chuck Woodard wondered if it makes sense to ask for both since it is only a \$300,000 difference. Bob Jacobson suggested that the FinCom should wait until after the election to send the letter as the results of the sales and alcohol tax referenda might impact the projections. It was decided to send the letter by the end of the week and send a follow up letter at a later time when revenue projections are clearer.

The FinCom spreadsheet was discussed. Chuck Woodard commented that the idea of the spreadsheet is to mirror the warrant. He suggested that we ask for the same information as in the past but that some of the numbers that had been requested in the past but had caused angst for the cost centers could be eliminated. It was decided to eliminate all of section 9b from the letter.

Maureen Valente reported that the actuarial study for the period ending July 1, 2010 for the estimate of the OPEB liability had been completed and draft report had been received. The unfunded liability amount is higher than it was in the last report. Most of the savings from the contract negotiations affects current employees rather than retirees.

There was discussion about whether to put something into the warrant about the OPEB liability as one means to educate the public. Maureen suggested that the Town consider beginning to fund retiree health insurance liability as part of the budget, possibly by making the minimum annual contribution to a trust fund set up for that purpose.

It was also noted that the cost center letter does not address the issue of a stabilization fund. This might be a difficult year to deal with this, but it is a priority of the FinCom and has to be addressed in the near future.

There was clarification that item #10 of the letter refers to actual salaries from the prior year, FY10 in this case.

In summary, the letter to the cost centers will request a level staff budget for now, and instructions for a non-override budget will be issued at a later date, post-election.

Item 5: Discussion of Single K-12 District

Jim Rao stated that he has been asked by several people, including reporters from the Sudbury Town Crier, about the Finance Committee position on the issue of a single K-12 district. His view is that the

FinCom supports the process but hasn't seen a specific proposal and therefore does not have a position. It is a topic for the school committees and other political bodies to decide. There are political, financial and educational aspects to the issue. The idea of a unified K-12 district makes sense, but further study is needed to understand all of the ramifications. For example, if there is a single district, there would only be one contract for each union involved, and it is possible that the contract which offers higher compensation would be adopted. There could be cost savings but they haven't been identified yet. Jim wanted to make sure that he is representing the position of the FinCom accurately.

Bob Jacobson said that political aspect of the issue is the first priority because if Lincoln rejects the idea, it is off the table. It was reported that Selectman Bob Haarde met with Lincoln selectmen to discuss governance related to the two school systems and what comprises the school committee. There are several models that could unify the K-12 system in Sudbury without necessarily including Lincoln.

Susan Iuliano, chair of the Sudbury Public School committee, commented that SPS supports the effort by the Selectmen regarding a change in the LS agreement. The only model that would not require a change in the agreement would be a joint superintendent hire by SPS and LS. Both school systems have rejected this model. In the meantime, SPS has to move forward in hiring a new superintendent. LS is also moving toward hiring a superintendent, possibly with a modified search process. LS also supports the Selectmen's efforts.

Bob Stein asked whether the new METCO director reports to two superintendents. Susan Iuliano affirmed that this is the case although she noted that there are differences between a shared METCO director and a shared superintendent. She suggested that the school systems could learn from the successes and failures of the METCO position that could possibly apply to other positions.

In summary the Finance Committee supported Jim's statement regarding the position of the FinCom.

Public Comment

Susan Iuliano stated that SPS School Committee is already planning for a non-override budget for next year. The school committee is considering all possible options including structural reorganizations of the schools to address the shortfall. No decisions have been made.

Susan Iuliano discussed the progress of the G4. She reminded the Finance Committee that it was created by four superintendents (Sudbury, LS, Lincoln and Wayland) to look at possible efficiencies in a wide range of topics. Its charge is not the same as the Consolidated Working Group's. A lot of the time of the G4 was spent on the METCO reorganization. A report of the G4 will be issued soon and will be brought to the Finance Committee. The report discusses short- and long-term issues. Many of the BRTF recommendations have been worked on. Restructuring of the school districts is the only major issue which hasn't been addressed, and it is being looked at now.

Maureen Valente reported that the Finance Committee should be aware of upcoming capital projects. She stated that the waste water project recommended by the BRTF is moving forward, with staff time devoted to it, but it cannot be covered in the capital budget. In total there are about \$5million in projects outside of the capital budget, including the waste water treatment, town center intersection, and roof and boilers at the Noyes School. The Town is waiting to hear from the state about partial funding of the Noyes roof/boilers project. All of these projects have been vetted through the Capital Planning Committee, and a debt exemption will be required to move forward on them.

There being no further business, the committee adjourned at 9:05 pm