

**Town of Sudbury ~ Finance Committee
Minutes of Meeting
Thursday – February 10, 2011
Lower Town Hall – 7:00pm**

Present: Joan Carlton, Tammie Dufault, Bill Kneeland, Jamie Gossels, Marty Ragonas, Jim Rao, Robert Stein, and Chuck Woodard

Absent: Robert Jacobson

Opening Comments

Due to technical difficulties, the budget hearings were not opened until 7:29pm. Prior to the budget hearings, Jim Rao, FinCom Chairman, and Maureen Valente, Town Manager recorded opening remarks that will be shown before each budget hearing that will be televised on the local cable channel. Jim Rao reviewed the upcoming budget hearing schedule, the FinCom's function, and the budget process. Maureen Valente provided an update on revenue figures. No comments or questions were allowed from the audience regarding the information that the two of them recorded.

Budget Hearing: Town of Sudbury

Maureen Valente, Town Manager, presented the FY12 level services budget for the town.

The committee members were provided with a packet containing copies of Town's slide show presentation: "Town of Sudbury FY12 Level Services Municipal Budget Proposal".

Maureen Valente started her presentation by thanking the FinCom for the opportunity to present the budget and reviewed the core value and mission of the town. She reviewed the Athenian Oath, and put emphasis on the last sentence stating that we have inherited a great community, and we want to be able to pass it onto future generations.

Maureen Valente introduced the selectmen (John Drobinski & Larry O'Brien), and the department heads (Bill Miles, Bill Place, Barbara Chisholm, Mary McCormack, Rosemary Harvell, Rick Glavin, Andrea Terkelsen, Mark Thompson, Jim Kelly, & Bill Talentino) who were in attendance. She stated that between the department heads, there is over 250 years of experience between them.

The town consists of thirty departments, many of which are small departments. The committee was informed that many communities are changing to a town manager form of government. The senior management team was formed to help reduce the duplication of work being performed.

Maureen Valente reviewed some of the highlights of the FY12 Level Services Budget: maintain existing services and staffing levels, includes all salary increases per the labor contracts, includes existing employees paying 2.5% for Hmo plan premiums and new hires paying 12.5% MORE FOR Hmo Plans than existing employees. The budget also includes four added fire fighters and increase in Conservation for the new storm water permits.

Maureen Valente explained that the Reserve Fund has been increased by \$11,354 for FY12. She explained the Snow & Ice account and how we are able to deficit spend this account. She explained that funding for the Salary Contingency account has been reduced significantly since there are no open contracts. Tammie Dufault questioned the amount that the Salary Contingency was reduced by. Jim Rao

stated it was reduced from \$52,000 to \$22,000. Maureen Valente informed the committee that additional information could be found on page 69 on their budget books.

Maureen Valente informed the committee that funds have not been budgeted for the Stabilization Fund. Marty Ragonas questioned the amount of the Stabilization Fund. Maureen Valente stated that it was approximately \$1.7 to \$1.8 million. The committee was informed that if interest is earned, then the funds stay with the Stabilization Fund. There is no intention to request approval to withdraw any funds from the account either.

Maureen Valente informed the committee that oversees the benefits for the town and SPS. The benefits and insurance line will be increasing by \$483,000. The town now budgets the active employees separate from the retirees. The health plans are now based on a fiscal year as opposed to the calendar year. We do not currently have the final rates for FY12. Sudbury Public Schools (SPS) has more employees paying the new 30% premium.

Chuck Woodard stated that per employee from FY11 to FY12, the town is going up 17% and the school is going up 3.8%. The explanations don't seem to account for the delta. He also stated that the pension contribution that is set aside for the employees is projected to go down in FY12, but for SPS it is going up. Maureen Valente stated that she would have Maryanne Bilodeau, Assist. Town Manager, respond to these questions since she is the expert on these matters.

Maureen Valente informed that the committee that the town and SPS have consolidated some payroll processes. This has resulted in the town taking over the payroll for SPS. The town will continue to look at outsourcing the payroll function and benefits management. Tammie Dufault stated that this has been studied for some time, and asked if a report would be issued and when a conclusion may be made. Maureen Valente stated they will release their findings, but is not sure when a conclusion will be made.

Robert Stein question Bill Miles, Fire Chief, on his opinion of using on-call fire fighters. Bill Miles stated that it hard to keep the full-time employees trained. His concern is in regards to how to bring the on-call employees on and get them capable to respond to calls. Maureen Valente responded that they do have one on-call fire fighter currently. There are not many blue-collar residents in Sudbury that can respond quickly. She reminded the committee that the department tries to be on sight within four minutes. Tammie Dufault responded that 80% of Massachusetts utilizes on-call fire fighters. It seems that Sudbury is not interested in this at all. Bill Miles stated that it does become a time factor, and we decide how long residents are willing to wait for the department to respond. Maureen Valente informed the committee that there were some bargaining issues. This is not something that they are uninterested in. Bill Miles responded that they are looking at available options all the time.

Robert Stein questioned the article regarding the sewage project near the Curtis School. Maureen Valente stated that this project is not addressed within the town's budget. John Drobinski, Selectman, stated that they are concerned about the consulting costs, since they seem to be high. The article has been bookmarked in the warrant. Marty Ragonas stated that this has been an on-going project that has the potential to help the commercial base. She stated \$1 million dollars is a lot, but thinks the citizens should be given the chance to say yes or no against the project.

Chuck Woodard questioned if there was a salary freeze, how much of an increase in the budget would be needed to avoid lay-offs. Maureen Valente stated that the town is not looking at any lay-offs in either budget. A turn-over in staff is helping in regards to this matter. \$325,000 would be needed for FY12. The salary increases included step increase and a 1% salary increase.

Tammie Dufault questioned how much of the budget accounts for just the salaries. Jim Rao explained that 78% of the budget is for salaries.

Robert Stein questioned the bonus payment the town manager receives. Larry O'Brien, Selectman, stated that the bonus payment was combined into the annual salary. He stated that this topic has been spoken about many times at various meetings.

Tammie Dufault questioned if deferred compensation payments are included in the salary amounts that are listed in the warrant. Maureen Valente informed Tammie that the amounts listed includes all forms of compensation.

Budget Hearing: Lincoln-Sudbury Regional High School

Scott Carpenter, Superintendent, presented the FY12 level services budget for Lincoln-Sudbury Regional High School (LSRHS).

The committee members were provided with a packet containing copies of LSRHS slide show presentation: "FY12 Level Services Budget ~ Lincoln-Sudbury Regional School District".

Tammie Dufault questioned when considering costs of positions if they only consider the salary amount or if they consider the salary amount plus the estimated benefits. Judy Belliveau informed her that there is one employee with an individual plan. The school is responsible for paying a proportionate amount based on the years of service the employee has with the school.

Robert Stein stated that the average teacher salary increased 4.1%, and asked if Judy Belliveau knows last year's average salary increase. Judy Belliveau informed the committee that these are average overall all salaries, and not just teachers. The increase includes stipend amounts. The FY12 salary increase is 5.1% with the ARRA positions and 4.1% without the ARRA positions.

Chuck Woodard stated that if you add the \$263,000 and \$359,000, then the total cost of salary increases come to a total of \$622,000 for FY12 level staff.

Joan Carlton questioned the number of Special Education students moving from SPS to LSRHS. Scott Carpenter responded that the typical age of a student moving from SPS to LSRHS is age 14. LSRHS is responsible for the student until the age of 22. They also have to take into consideration the students that move out of town and the students that move in.

Tammie Dufault questioned the responsibility of the out-of-district costs if the high school determines that a Metco student must be educated elsewhere. Mark Collins explained that the responsibility shifts back to Boston if we cannot educate the student in-house. If the student is just put on an Individual Education Plan and are staying in-house, then we are responsible for paying.

Robert Stein asked out of the 30 to 40 students, is it possible to get a breakdown of the number of students from Lincoln compared to the number from Sudbury. Judy Belliveau responded that they could get the numbers for the committee.

Mark Collins informed the committee that the school committee has voted on new athletic fees to offset the athletic budget. The stipends that LS pays for coaching are lower than other schools, but the fees we are charging are comparable to surrounding communities. Scott Carpenter informed the committee that students participating in intramurals, such as rugby, are not assessed these fees.

Chuck Woodard questioned how many employees are leaving LS to teach elsewhere, and how many people are applying for the open positions. Scott Carpenter responded that they lose employees for a variety of reasons. They get a ton of applications for open positions, but it is a matter of how many are actually qualified for the open position.

Robert Stein stated that Maureen Valente has refused to take her FY11 salary increase even though she is eligible for one based on her contract. He commended her for this action. He asked that Mark Collins go back to union and use Maureen as an example to re-open contract negotiations to try to reduce some costs for the town.

Chuck Woodard stated that he is concerned about the difference in health increases when comparing SPS and LSRHS. The LSRHS health benefits are going up approximately 8%, but SPS benefits are estimated at 3.8%. Judy Belliveau reminded the committee that LS switched to the 70/30 split in FY10, where as FY12 is the third year for SPS making adjustments to the percentage split. John Brackett reminded the committee that the SPS new hires now pay 30%, and the other employees will be paying an additional 2.5% of the premium in FY12.

Jim Rao asked for comments from the audience. Patty Mostue, at large speaker, stated that one of the roles of the FinCom is to gather data. Her belief is that before the FinCom is allowed to make a recommendation regarding a budget, the members should be required to spend a day at the school. They should speak with the staff and the students. She does not believe they should make a decision regarding an override without seeing the effects of their decision.

Budget Hearing: Sudbury Public Schools

John Brackett, Superintendent, presented the FY12 Roll Up Budget for Sudbury Public Schools (SPS).

The committee members were provided with a packet containing copies of SPS slide show presentation: "FY12 Roll Up Budget Presentation to Sudbury Finance Committee".

John Brackett explained his reasoning for using the term of "Roll Up Budget". They have moved the FY11 budget figures to FY12, and then applied the known costs and assumptions. He reminded the committee that the Federal Job funds were a one-time funding source and were used to reduce the number of lay-offs.

Since the question was proposed to the other two cost centers, John Brackett informed the committee that the cost of the 1% salary increase is \$205,000. The cost of the steps and salary increases when going from FY11 to FY12 is \$882,000, but some can be netted out because of offsets. This amount comes down to approximately \$600,000 when the offsets are taking into consideration.

John Brackett reviewed some of the key budget drivers since FY08. He informed the committee that their total enrollment count has been going down the last couple of years. In FY12, the total enrollment is expected to drop by 60 students which consist of a majority of kindergarten students. Robert Stein questioned if the enrollment is expected to continue to drop. John Brackett stated that they are not sure at this time, and that they will need to continue to look at. The teachers are being shifted to the higher grades. He believes the enrollment will eventually flatten out.

Tammie Dufault informed John Brackett that they met with the Lincoln FinCom last week, and that they give guidance showing the budget less benefits. She believes it would be beneficial for SPS to show this type of analogy, because it would help show the cost saving initiatives that SPS has implemented. John

Brackett stated that they used to that, but then made a conscious decision that they felt the information was being misrepresented.

John Brackett informed the committee that the number of out-of-district special education students will be reduced from 44 to 36 in FY12. There are approximately 10 students that will be leaving SPS and will presumably become LSRHS responsibility. Of these 10 students, 8 are enrolled in private schools and 2 are in the Case Collaborative. Scott Carpenter explained the growth in the Special Education program that the school has experienced. Some of the students have conditions so severe, that no matter what the school does they would not be able to effectively educate them in-house. John Brackett stated that the decision of where to educate the student is driven by what is best for the student. A discussion took place regarding how the Circuit Breaker funding works, and the delays in receiving funds as opposed to when the costs are actually realized. The cost of educating the 10 students that are expected to leave SPS is approximately \$450,000.

Robert Stein questioned the difference in the saving amounts that are expected if the Food Service program is outsourced. John Brackett stated that savings are now expected to be around \$125,000, because of the unemployment costs associated with laying these employees off. The worst case scenario is that they will break even next year. SPS is estimating that they will be paying about \$80,000 out in unemployment claims.

Robert Stein questioned how the shared position of the new Metco Director is working out. John Brackett stated that it is a little premature to make a determination. From the SPS perspective, it has been beneficial because they were able to add academic advisors who support the students in all of the schools. He stated that the Director is still learning the lay of the ground. John Brackett stated that it seems the parents are appreciative of the services being given to the students. He believes there is still work to be done. Scott Carpenter informed the committee that there is a learning curve for the Director, but it has been a good transition for the high school. He stated that some students have admitted to the director that some of their actual concerns have not (?) come about.

Chuck Woodard commends the administration and school committee for trying to find ways to save. He stated that the benefit costs are hurting the budget, but that growth in the budgets have been reduced.

There being no further business, the committee adjourned at 11:05pm.