

Town of Sudbury ~ Finance Committee
Minutes of Meeting
Thursday – February 17, 2011
Flynn Building – 7:30pm

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

Opening Comments

The meeting was opened at 7:33pm.

Deliberations

Jim Rao clarified for the public that the Finance Committee is not responsible for deciding whether or not the community will be given a chance to vote on an override. The Board of Selectmen is responsible for proposing an override budget, and the FinCom is responsible for making recommendations on the proposed budgets.

Bob Jacobson discussed the FY12 LS Medical Insurance Analysis that he had emailed to the committee members earlier in the day. He stated he wants to discuss specifically what costs will be paid with an override, since the committee has been receiving so many requests requesting that the residents be given an opportunity to vote on an override. He stated that some people are requesting pay freezes, but that this would only be a band-aid fix. Besides declining revenue figures, the community is still faced with increasing pension and benefit costs which are causing some of the main budget issues. Sudbury is the fifth wealthiest community. He stated that this year's issue is mainly with the Lincoln-Sudbury Regional High School (LS) budget.

Bob Jacobson reviewed how he prepared the analysis and what factors were used. The average premium cost of a family plan for LS is \$23,000 per year, while the cost for most family plans in the private sector is \$14,000 to \$18,000. He reviewed the new health care laws that will require any costs over \$18,000 to be taxed as a fringe benefit.

Bob Jacobson explained how the Stop Loss works. LS stop loss amount is \$250,000 per employee. This is triple what he has experience with. He is use to stop loss amounts being in the \$75,000 range.

He recommends that LS look into leaving the Nashoba Group and combine with the town & Sudbury Public Schools (SPS) health plans. He stated that the town and SPS made major shifts in the insurance premiums with the new health plans they negotiated. With the reduced costs of the insurance premiums, the town long-term viability for maintaining the budget. If LS were to combine with the town & SPS, it would result in a reduction of \$400,000. This matter would need to be negotiated with the unions.

Bob Jacobson is proposing that the cost centers, the school committees, and unions structure their respective health plans to be within the \$18,000 limit. By doing so, a savings of \$1 million could be realized, with \$700,000 being the cost centers' appropriation.

Jaime Gossels stated in order for this to happen, LS would need to be able to get out of Nashoba. Bob Jacobson stated that more analysis would need to be done, and that they would need to look at the impacts

to the town, SPS, and the employees. Sudbury makes up 85% of LS's budget, and the LS staffs are employees' of the town and they should not receive better benefits.

Jim Rao stated he appreciates what has been said, but believes it will be hard for the public to grasp. Chuck Woodard thinks this will be difficult, but thinks it can be done. Bob Jacobson responded that everyone needs together and work together to get this done. He realizes negotiations are very time consuming and difficult.

Tammie Dufault encouraged the cost centers to post copies of the offered benefit plans on their respective websites. She does not think is unrealistic to ask the employees to change to something closer to what is being offered to employees in the private sector.

Bob Jacobson stated that although the school are facing difficult time, that we cannot forget about the town. He believes the Capital Improvement budget has always been insufficient. We do not put enough into fixing and maintaining our assets. Assets wear out, and it always cost more in the future to replace them.

Bob Jacobson also discussed the Budget Working Group. Although different than what it has been in the past, the cost centers still show respect and work well together. The cost centers have given up part of their budgets in the past to help another cost center. He would like the cost centers to engage with each other involving other issues besides salaries and benefits. Jim Rao stated he agreed somewhat with what Bob had to say. We need to look at investing in other things besides capital items. We need to look at funding Free Cash, the stabilization fund, and OPEB.

Jamie Gossels questioned if the goal for tonight was to vote on a budget number. Jim Rao responded that not necessarily on a number, but where the FinCom stands on the budgets. Robert Stein stated he felt it is unreasonable to spend \$25,000 for a special election in order to have a proposed override. Selectmen Larry O'Brien stated that the cost to hold a special election is approximately \$12,000. Bill Kneeland responded that considering they are looking at a \$75 million budget, it is not practical to attempt to come up with an override number.

The Finance Committee members were asked to state their views on the budgets:

Bill Kneeland – He feels two of the three cost centers could make without an override. He cannot think of a way to fix the issue with LSRH. Part of the issue is that they have a contract that is legally in place and we are obligated to pay. It becomes a question of keeping jobs or wages. SPED is also a major issue, and the school has no control over this. He would support an override, for the fact there will be a significant impact to the education of the students without one.

Marty Ragones – She has issues with the major shortfall that LSRH is facing. She open to listen to what they have to say, but feels the voters should be the one to decide on an override.

Chuck Woodard – he is ok with the idea of the override option being presented to the taxpayers. He believes it is a terrible mistake to send more money to LSRH so they can deal with the wage increases. Their school committee has agreed to more generous labor contracts. We need to see changes to the cost of municipal benefits, as they are unaffordable. He would like to see a decrease in the number of employees with benefits. For example, the town needs to look into using call firefighters.

Bob Jacobson – He stated he would probably support an override, but is not sure for how much or what the allocation should be. He is in favor of allowing the residents to have a say on the override. The

residents might not like the reasons for the override, but they should have a say for the level of service that will be provided.

Jim Rao – He stated that he supports the override going to the voters because of the form of government we have. He struggles trying to support an override. He does have two kids within the school system, but he thinks about the seniors and those who have been out-of-work. He has trouble with the cost of the benefits.

Robert Stein – He agrees with Jim Rao. He does not believe we should spend \$12,000 for a special election. He stated that \$1,844,529 is the amount of wage increase for next year. He believes that school committee was arrogant to say no when they were asked to go back to the unions and re-open the negotiations. He will not support an override. With a pay freeze, we end up with a surplus of \$600,000, and we can hire back teachers and buy books.

Joan Carlton – She agrees that the voters should have the right to decide on an override. She could support a small override. She recommends that the funds in the override be targeted for specific SPS and LS needs. She agreed with what Bob Jacobson has to say regarding the health benefit negotiations.

Jamie Gossels – She believes that voters should decide on the override. She does not want to reward a cost center that has done the least with contract negotiations. She believes we should try to address the SPED issue and the health costs, although some of that is dictated by the Nashoba Group. She would support an override, although she is unsure what the amount should be.

Tammie Dufault – She stated that she is not sure where she stands with an override. She does not have an opinion on whether it should go to the voters; by the Prop 2 ½, this is the decision of the selectmen. There are still a lot of unknowns, especially with state aid since we are an affluent community. She has two kids in the school system and is concerned about our schools. She was disappointed that no one from LS was in attendance tonight. She stated that the tone from LS was very different than that of SPS. Although SPS still have some issues, she believes SPS did a better job in negotiations. We need to propose sustainable budgets, and we need to start looking at solutions.

Other Articles:

Article 13: Chuck Woodard questioned if we are currently charging these fees. Maureen Valente, Town Manager, stated that we are not charging the fees. A revolving fund will be created and the fees collected will be used for trail maintenance. Tammie Dufault questioned the number of parcels that this would have an effect on. Maureen Valente stated that the question would need to be proposed to the Conservation Commission

Article 14: Maureen Valente explained that this would be a new revolving fund and what it would be used for. Tammie Dufault questioned where the funds currently go. Maureen Valente explained that the funds are currently deposited to the perpetual care trust fund.

Article 15: Tammie Dufault asked for baseline info for Article 15. Selectmen Larry O'Brien stated that other communities are signing on housing services. This will help keep the fees from going to the general fund, and will help offset some of the salary costs.

Article 16: Susan Iuliano, SPS school committee, stated that this was put in as a place holder. They are currently still doing research on this matter. The article would impose transportation fees for all students based on need and not by distant from the schools.

Article 18: The committee questioned the purpose of this article and if it was to cover new developments. Larry O'Brien informed the committee that roadways are private until they meet the requirements of the town and have been formally accepted. Once accepted as a public way, the town becomes responsible for maintaining the road.

Article 20: Robert Stein questioned if this article will be presented at the town meeting and if Larry O'Brien would inform the committee of where he stands on the article. Larry O'Brien stated that this is currently a place hold. He stated that the Board of Selectmen had not taken a formal vote on this matter. He stated that debt exclusion would be needed to complete this, and that we need to maintain the momentum of the project.

Article 21: Larry O'Brien stated that the town cannot block the construction of cell towers because of looks. The town is maxed out on the number of current sites and is looking for more. This article would make all town buildings and parcels available. LSRH is a separate entity and is not part of the article. Tammie Dufault questioned if they can remove the town cemeteries from the article. Larry O'Brien stated that this was put forth as a place holder, and that they are still working on this matter. They will be hold public meetings regarding this matter.

Article 22: The committee was informed that this is a project that Selectman Haarde has been working on with the Planning Department.

Article 23: Larry O'Brien stated that this article would make changes to the current bylaws. It will allow retail sites to move into industrial sites.

Article 24: Larry O'Brien stated a small permit fee might be attached to this article. He does not believe it should be considered a money article.

Article 26: Larry O'Brien informed the committee that the town has possession of the land, and that the abutters are interested in it in order to expand their properties. A very small amount of revenues would be received if the transaction is completed.

Article 27: The committee was informed that this article will conclude a drawn out negotiation that has taken place to settle a lawsuit.

Article 36: Jim Rao stated that he will contact Rick Johnson about making a presentation to the FinCom. The committee will most likely report at town meeting.

Article 38: Larry O'Brien informed the committee that this article was brought forward by the owner of the property. He does not believe the town has been interested in the property in the past, and not sure if it is a reasonable asking price. Bill Kneeland informed the committee that this has not come before the Community Preservation Community. Jim Rao stated he will contact Jody Kablack, Town Planner, to see what he can find out about the property.

Other Business

Jim Rao informed the committee that the Budget Working Group meeting that is scheduled for the night of February 28th will need to be changed. LSRH has interviews scheduled for that night, and will not be able to participate.

The committee discussed their upcoming meeting that is scheduled with the Board of Selectmen. Larry O'Brien informed the committee that the March 1st date was chosen, so that they will be able to complete the Town Meeting Warrant in time.

There being no further business, the committee adjourned at 9:29pm.