

**Town of Sudbury ~ Finance Committee**  
**Minutes of Meeting**  
**Thursday - February 9, 2012**  
**Lower Town Hall – 7:00pm**

**Present:** Joan Carlton, Jamie Gossels, Robert Jacobson (arrived 7:30pm), Bill Kneeland, Chuck Woodard, Douglas Kohen, Mark Minassian (arrived 7:23pm), Jim Rao and Robert Stein

**Opening Comments**

Prior to the start of the budget hearings, Jim Rao, FinCom chairman, and Andrea Terkelsen, Finance Director recorded opening remarks that will be shown before each televised budget hearing. Jim Rao reviewed the FinCom's function and the budget process. Andrea Terkelsen provided an update on revenue figures. No questions or comments were allowed from the audience in regards to the information that the two of them recorded.

Jim Rao opened the meeting at 7:13pm. He reviewed the order that cost centers will present and the allotted time for each cost center presentation. He reminded the public that if they address the committee that they need to state their name and address for the public records.

**Budget Hearing: Lincoln-Sudbury Regional High School**

Scott Carpenter, Superintendent, and Judy Belliveau, LS Finance Director, presented the FY13 Level Services Budget for Lincoln-Sudbury Regional High School (LSRHS).

The committee members were provided with packets containing copies of the LSRHS slide show presentation: "FY13 Rollup Budget – Lincoln-Sudbury Regional School District".

Scott Carpenter stated that they refer to this as their roll-up budget. When preparing the budget they pay attention to the school's core values. For this upcoming budget year, they added emphasis on adapting the school to meet the academic needs of those who are heading out-of-district. He reviewed the assumptions used to prepare this budget. The roll-up budget results in a \$1,150,244 (4.68%) increase over the FY12 budget.

In regards to table that showed the number of Out-Of –District placements as a Percent of Enrollment, Chuck Woodard questioned why there is such a significant difference in the comparison between LS and Weston & Winchester. Scott Carpenter responded that the figures can vary from year to year. LS has created many specialized programs over the years, but despite the number of programs created, they have in fact seen a dramatic rise in the number of students that require to be sent out-of-district over last year or so.

Joan Carlton asked if the breakdown of the 64 students requiring out-of-district services is known. She is wondering the number of students from Sudbury compared to Lincoln. Scott Carpenter responded that he was not sure off hand as to what the split is. It varies year to year.

Jaime Gossels questioned how the state's Extraordinary Relief figure for a community is arrived at. Is the entire amount just divided by the number of applicants or are there are qualifications that need to be met. Judy Belliveau stated that as of today there are 21 communities that have applied to the state for this

funding. There is a formula where we have to exceed 25% of last year's budget. We cannot predict what we will get. We will get something back, but probably will not know until April or May.

Jim Rao asked if they could clarify the 12% decrease in health insurance costs. Scott Carpenter said this reflects the new healthcare plan.

Joan Carlton questioned if the high school had joined the GIC (Group Insurance Commission). Judy Belliveau responded that they had not.

Robert Stein questioned what the expected savings would have been if they had switched to the GIC. Judy Belliveau stated it would vary depending on certain assumptions. She will send the information out to the Finance Committee. They did look at different modules. Robert Stein stated that he was under the assumption that the school would save an additional \$100,000 if they had moved to the GIC. Judy Belliveau stated that it ended up being less than that based on the assumptions they used. The only way the \$100,000 would be realized is if all of the assumptions used came true when the employees switch over. The GIC rates were not set when they looked into making these healthcare benefit changes, whereas the Minuteman rates were already set for next year.

Joan Carlton questioned if the cost of Special Education continues to go up, will they to apply for the Extraordinary Relief. Judy Belliveau and Scott Carpenter both responded in the affirmative. Judy Belliveau stated that the issue is that they need to look at what the actual tuition is for these students. There is a threshold that must be met.

Mark Minassian questioned if the tuition rates being charged are market rates or are the rates regulated. Judy Belliveau responded that the rates are regulated by the state. Scott Carpenter reminded everyone that the tuition rates vary by student and what their needs are.

Chuck Woodard asked if the health care plan changes include the retirees as well. Judy Belliveau stated that only if they are on one of the active plans. All retirees are switched to a Medicare plan once they reach the age of 65. The Medicare plans are individual plans, and the retiree's spouse has to be covered. The school does not pay for Part A or B. Chuck Woodard stated that looking at the figures he sees there are 42 retirees with insurance coverage plus 93 that have the Medicare plan, which equals 135 retirees with coverage.

Bob Jacobson stated that it looks like 26% of the budget funds the special education, which only leaves 74% to cover the regular tuition. We are mandated by the government to cover the special education costs.

Robert Stein stated that Minuteman High School informed the committee that they had just signed a three year contract, offering 0% COLA for the first year, 1% for the second year, and 2% for the third year. They also teach five classes and are responsible for significantly more students.

Douglas Kohen asked if there are ways to partner with SPS or other school districts to help control Special Education costs. Scott Carpenter responded that they do that now, particularly for transportation. Anytime they can put kids on the same van, they do. Bob Jacobson stated that if you looked at it in the short-term with a no-override environment, we need to get higher reimbursements from the state. Judy Belliveau informed the committee that a bill has been filed to allow communities to create stabilization funds to fund Special Education costs.

Robert Stein stated that they are in negotiations with the teachers. He asked if they are in negotiations with the administrators or other non-teacher positions. He questioned what percentage has been factored

in the budget for COLAs (Cost of Living Adjustments). Judy Belliveau responded that only the teachers are under a collective bargaining agreement. Scott Carpenter responded zero percentage has been factored into the budget as per the guidance from FinCom.

Chuck Woodard stated that although there is a 0% COLA factored in, many of the employees have received pay increases for up to 17 years due to Step increases or as a result of a change in their degree. He stated that citizens should refer to the back of their warrants to view the salary schedules. He is concerned about the large difference between the different grades and steps. He asked if there had ever been any discussion amongst superintendents' regarding relooking at the way the teachers' salaries are determined. Scott Carpenter responded that he has never heard of any superintendent talk of this.

Robert Stein questioned the \$2,500 Master Teacher stipend that the teachers receive. Judy Belliveau explained the criteria that must be met to qualify for this payment. All of the employees who applied have received the payment.

Robert Stein stated that the discussion of larger class sizes and facing layoffs is it safe to assume that if the teaches would teach five classes that class sizes would go down by 20%. Scott Carpenter stated that mathematically the answer is probably yes.

Dan DePompei, resident – 35 Haynes Rd, stated that last year we saw an increase in Special Education due to the transfer of students from Sudbury Public Schools up to LS. He asked how much of the increase is related to this happening again this year or if the increases are due to news students. Scott Carpenter responded that the majority is related to students coming up. There are three factors that affect these costs: the students that move up from SPS and Lincoln K-8, current students whose needs change from prior years, and new students to the district. Dan DePompei asked if it is reasonable to assume that the costs already being paid by SPS, that some of this could net out. If the high school increases, than we could see a decrease with SPS. Scott Carpenter stated that this could happen, as long as new students do not move in that SPS would need to serve. Practically speaking, however, he believed that the costs for SPS were rising as well.

Bob Armour, resident – 21 Brookside Farm Lane, stated that he was running for the SPS school committee, and he asked a hypothetical question. If the school was given an extra million dollars, how would they spend it. Scott Carpenter responded the key would be to restore teachers previously cut. They need to get more staffing in the building. There are graduation requirements that must be met, so when cuts have been made they were equitable across the board.

Judy Belliveau responded to a question that the FinCom had previously submitted to them that have not been addressed. She responded that the Excess & Deficiency Fund has a balance of \$380,851.

### **Budget Hearing: Town of Sudbury**

Maureen Valente, Town Manager, presented the FY13 Level Service Budget for the town.

The committee members were provided packets containing copies of the town's slide show presentation: "FY13 Level Staff Municipal Budget Proposal".

Maureen Valente started her presentation by reiterating the town's core values: protecting public safety, public health, public assets and a special quality of life. She stated that she would not be reviewing every department's individual budget. She will be reviewing the five critical areas of the budget. Each individual department budget is the FinCom budget book, and is available of the town's website.

Maureen Valente informed the committee that this morning they have successfully negotiated with the town & SPS employees to migrate to the state's GIC (Group Insurance Commission) plan. Conservatively, she expects that the town will save approximately \$700,000 in healthcare benefits spending as compared to the FY12 budget. While these negotiations cannot be discussed in public, employees would be rolled over as of July 1, 2012. The GIC rates have not yet been set for FY13 and are expected to be set sometime in mid-March. Maureen Valente recognized Maryanne Bilodeau, for all of her work on this project over the last few weeks. She also thanked the employees, as this will result in them taking on additional costs in certain circumstances. There will be many changes for them. There are many plans for the employees to choose from, but none of the plans are like what the employees are used to currently.

Chuck Woodard questioned if the health insurance changes being made will have an effect on the percentage that the retirees pay. Maureen Valente responded no. The percentages are staying the same, but there will be more out-of-pocket costs for the employees.

Jim Rao stated that he is assuming the \$700,000 is a collective figure for the town & SPS. He stated that due to the GIC premiums and fees, he believes most employees would see a net reduction. Maureen Valente responded that yes, the figure is collective for both the town and SPS. However, she cautioned that in some cases, employees will see an increase in their out-of-pocket costs and used herself as an example. She is currently on a Fallon plan. The GIC's Fallon premiums are similar to what she is paying now. The problem will be for the employees who feel they will need to switch from their current HMO plan to a PPO. By switching from an HMO to a PPO, the employees will be responsible for paying a higher percentage of the premium. Bob Jacobson stated that the GIC premiums will probably be lower, but the employees will have higher co-pays and deductibles.

Maureen Valente explained the new statute (MGL Ch.32 – S.21-23), that they were able to use for the health insurance changes. This is a new statute that was not available three years ago. There was an expedited negotiation period. She stated the even more savings will be realized in year two and year three after mitigation.

Chuck Woodard asked if once you enter in the GIC if you are there permanently. Maureen Valente responded that you are in for a three-year period. They will review it again in three years to see if this is beneficial.

Chuck Woodard stated that he sees a bit of a disconnect when comparing the town vs. the LS budget. LS has a budget amount of just under \$2 million with 193 employees. The town has 161 employees, but a budgeted amount of \$2.3 million. Maureen Valente stated that they can look into, and get back to the committee.

Joan Carlton question what the one-year mitigation is. Maureen Valente responded that 35% of the first year of savings will be given back to the employees in the first year. The purpose is to help the employees offset the new out-of-pockets costs that they will be responsible for as a result of joining the GIC.

Doug Kohen asked if they have looked at health savings accounts for potential savings in the years to come. Maureen Valente responded that they are looking into this, but that the process of switching to the GIC is taking most of the focus right now.

Joan Carlton stated the \$19,178,384 budget amount does not take the savings from the health changes into account. Maureen Valente responded that she is correct.

Maureen Valente informed the committee that an agreement has been reached with SPS for the hiring of a shared Facility Director. We are in the process of getting a job description completed. The new director will report to the SPS superintendent and the town manager.

Chuck Woodard asked for clarification in the 3.4% reduction in the Recreation budget. Maureen Valente responded that we have regionalized a couple of more positions with the Town of Wayland's Recreation Department. Chuck Woodard stated that it seems we are not reducing services, but just regionalizing positions.

Maureen Valente explained the combined dispatch. We currently have two dispatch centers: one at the police station and the other at the fire headquarters. Emergency Medical Dispatch (EMD) is a state mandated as of July 1, 2012 and the state is providing funding for training. The combined dispatch has been a goal of the town since the 1990s. This is a model that most communities follow.

Robert Stein stated that Prestige has moved out of their location and TD Bank will be moving in. He wondered if the town looked at the possibility of using this as a site possibility for a new police station. Maureen Valente stated she believes we did, but would need to check with Jody Kablack. She will report back.

Robert Stein asked where we are on snow removal compared from last year to this year. Maureen Valente responded that \$229,000 out of approximately \$400,000 has been spent. Most of this has been on sand and salt that was acquired at the beginning of the year.

Chuck Woodard questioned how many DPW employees have the use of a regular vehicle as part of their job. Bill Place, DPW Director, responded that there are two.

Maureen Valente asked Selectmen Larry O'Brien to address the potential legal funds that will be needed from the Reserve Fund. Larry O'Brien stated that there will be a high potential that there will be litigation costs once the ZBA makes their decision on the Johnson Farm. Regardless of the decision there will likely be litigation costs. It is prudent that the Reserve Fund be properly funded so that we are ready.

Mark Minassian asked for clarification on the EMD mandate. Maureen Valente asked that Bill Miles, Fire Chief, to respond. Chief Miles responded that the EMD provides pre-arrival ambulance instructions. The point of having two dispatchers work together is so that one can stay on the line and provide the necessary instructions, while the other can dispatch the proper equipment. Right now when a resident calls 911 from a cell phone, the call first goes to the state police, is then transferred to the police department, and then the call is transferred to the fire department. With the new system, if you call from a land line you will speak to one person and two if you call from a cell phone.

Robert Stein questioned if the state was paying for training of all employees on the dispatching. Rick Glavin, Police Chief, stated he is not sure if the state will pay for all employees. He believes the funding will only be for actual dispatchers. The town would train a few employees on all shifts, so that they can fill in. He believes this will bring a better service to the town.

Robert Stein stated that last year Maureen Valente did not take a pay increase last year. He asked her if she has any announcement to make. Maureen Valente stated that she did not take an increase in FY11 or FY12, and that she has no announcement to make at this time.

Larry O'Brien asked if Chuck Woodard could restate the figures he had mentioned regarding the health budget. Chuck Woodard responded the LS presentation is a little under \$2 million with 193 employees,

while the town is \$2.3 million with 161 employees. Bob Jacobson stated he is looking at the FTE counts and not actual employee counts and that the new health benefits are not factored in for the town's budget submission as of yet whereas the LS budget has their new healthcare cost estimates included as Minuteman has already set their rates for FY13.

### **Budget Hearing: Sudbury Public Schools**

Anne Wilson, Superintendent, and Mary Will, SPS Business Director, presented the FY13 Level Services Budget for the Sudbury Public Schools (SPS).

The committee members were provided packets containing copies of the SPS slide show presentation: "SPS Finance Committee Presentation Modified Roll-Up Budget FY13".

Mark Minassian asked if SPS could explain what it means to be a Race to the Top district. Anne Wilson responded that a couple of years ago school districts could sign on. In order to sign on, the district needed the Superintendent, Union president, and school committee to agree. It allowed the district to sit at the table and have input as to what the new educator evaluations would like. The district did receive a small amount of money for signing on. As a result of signing on, we are required to implement the mandates a year earlier.

Bob Jacobson stated that the benefits line amount is overstated because SPS employees will be switching to the GIC. Mary Will responded in the affirmative.

Jim Rao asked if the information on Slide 13 is a budget to budget comparison. Mary Will responded yes. They did not know until mid-summer that they would be contracting out the cafeteria services.

Robert Stein questioned what the savings is for contracting out the cafeteria services. Mary Will responded that the first year of savings is approximately \$140,000. She cannot give a figure for the second year, because it will depend on the assessment we receive from Middlesex Retirement. The assessment should go down as most of the cafeteria employees contributed into Middlesex Retirement.

Robert Stein questioned what we get reimbursed for the Metco students. Mary Will responded the SPS has 70 students, and we get approximately \$358,000. She responded that we all receive Chapter 70 funding for these students. Robert Stein asked if we can make an assumption that the Metco program costs the town \$10,000 per Metco students. Mary Will responded these number of students do not have a big affect on the class sizes. Bill Kneeland stated that he does not believe you can make that type of assumption as there are fixed costs that do not change so it's not as simple as looking at total costs and dividing by the number of students. You would need to look at just the incremental marginal costs per student to determine how much it costs.

Robert Stein questioned what the savings will be made to the out-of-district Special Education when the 8<sup>th</sup> graders move up to the high school. Mary Will responded that they will know the number of students and amounts on Monday.

Jim Rao stated that he knows it is hard to predict, but he wonders if and when it is expected that the enrollment will plateau. Anne Wilson responded stating that with full-day kindergarten it will have help with the prediction, but it will still be hard to say. Jim Rao asked at what point would consider closing a school. Susan Iuliano, SPS school committee, stated that they did look at this when the redistricting was taking place and that based on enrollment trends for the next several years, it does not look like a school will be closed in the near future.

Doug Kohen stated that there is a large 7<sup>th</sup> grade, should there be a big drop in enrollment in two years. Anne Wilson responded yes, but will depend a lot on what the size of the incoming kindergarten class is at that time.

Jeff Beeler, SPS school committee, discussed some of the expected energy savings of the Noyes roof project. When they were going through the process, it was expected to save \$47,000. Of this amount \$20,000 will be due to unnecessary maintenance & repairs, and \$27,000 in energy savings.

Robert Stein stated that residents had to complete a census. He asked if the school works with the town to examine this information. Anne Wilson responded yes, but they also need to look what the market is doing and other criteria. Jeff Beeler stated that they look at all data sources. He stated that the district estimates have been close, and reminded that committee that there are a lot of vacant homes in town.

Robert Stein stated he had a statement to make, and that it was not personally directed at Dr. Wilson or Mary Will. He does not have the luxury of having the capability of sending an email blast to all Sudbury residents with children. He has been criticized by people who were offended by his commenting of certain pay increases at a previous Finance Committee meeting. Public Employees' salaries, cost of benefits, and increases are public knowledge. He was offended that 11% increases were given to top administrators this past year while the country was still dealing with one of its' worst economic crisis.

Joan Carlton questioned how the approximately \$700,000 health insurance savings is arrived at. Was it by comparing to last year's figures or the projected costs for FY13? Maureen Valente responded that the potential saving is based on the expected increases if changes were not made to any of the insurance plans.

Douglas Kohen questioned some of the Special Education costs. He stated that over FY12 the number of students needing service and the costs went down, and the LSRHS figures went up. He wondered if the schools track the costs by grade and if they track the trends. Dr. Wilson responded that they are continually communicating and meet with LSRHS to discuss this matter. It is hard to predict these situations. They are not able to predict what type of service a student might need. While the student may be able to be serviced in-house at SPS, when the student moves onto the high school the student's needs might change.

Jim Rao reminded everyone that coming into FY12, SPS thought they would see a \$500,000 reduction, but instead are being faced with \$400,000 in unanticipated costs for FY12 that they've had to accommodate within their budget. At the core of this problem is not student needs, but rather the fact that this represents another unfunded mandate from the state and federal governments. Susan Iuliano stated that we cannot assume a net migration from year to year. There is never a one to one transfer. The number of students moving in and out of the program varies throughout the year and has a major impact on these figures.

Rich Robinson, SPS school committee, explained the tuition structure and how we are reimbursed for students who are in collaborative programs. There is a delay with Circuit Breaker funding. The school has strived to create in-district programs. For instance, they have created in-house programs for students with autism needs. He reminded everyone that the Circuit Breaker does not refund the cost of transportation. The school has eight core in-district programs they have created to prevent the need for sending students out-of-district. He stated that the intensity of the kids needs is increasing.

Jim Rao stated that there has been a lot of discussion on the Special Education issue tonight. He reminded everyone that the committee is questioning the funding mechanisms, and not questioning the right to an education for all children.

Jeff Beeler stated that Special Education costs are an issue across the state. The programs are not properly funded. He stated that the school committee members take their obligations of providing data very seriously. They know accurate information needs to be provided to the FinCom and to the public in general. The SPS per-pupil spending is less than the state average. The Town of Sudbury has the 8<sup>th</sup> highest income per town in the state. The schools have received multiple top ten rankings. He agrees that salaries are a matter of public records. He stated that SPS does operate on a step and lane program as well as cost of living increases (COLAs). This structure has been around a very long time. If the employee stays around for 20+ years, they can double their salary. It is important to remember that these employees do a very important job, and that we need to support them.

**There being no further business, the committee adjourned at 10:30pm.**