

**Town of Sudbury
FY13 Budget Hearings Schedule
Other Articles and Deliberations
Minutes of Meeting
Thursday February 16, 2012
7:30 p.m.**

The Town of Sudbury's Finance Committee Budget Hearings for other articles and FY13 budget deliberations, held on the second floor of the Flynn Building, was called to order at 7:34 p.m. by Chairman James Rao. Present for this meeting were Joan Carlton, Jamie Gossels, Bob Jacobson, Bill Kneeland, Jim Rao and Robert Stein. Mark Minissian and Doug Kohen were absent. Indication was given that tonight's meeting would focus on a preliminary discussion of the FY13 budget and related articles. Before starting a discussion on the main budget the Committee began by reviewing a listing of the Town Warrant articles provided by the Board of Selectmen.

Item# 1: Review of the 2012 Town Warrant Articles

Members were provided with a package containing a numbered listing of all 2012 Town Meeting articles to be published in the upcoming Town Warrant. In addition to the listing, the package contained copies of article drafts as signed and submitted to the Town Clerk by the required deadline. The Board of Selectmen completed the numbering and order of the warrant articles earlier this week.

Chairman Rao proceeded to go through the listing of articles with the group to identify those that the FinCom would be asked to take a position on. Other members concurred that FinCom voting would be limited to articles that are financial in nature. Not all articles will require or are considered pertinent to Committee discussion.

In going through the list of 35 articles various questions or issues were raised. In particular, article #14 having to do with Town Center Design is one of the "other articles" needing to be discussed at a later date. Chairman Rao and member Bob Stein asked Town Manager Valente about the status of this article seeing as we would not be discussing tonight as original planned. Ms. Valente indicated that the details of the article have been presented to the Board of Selectmen and the issue is ready for a vote at Town Meeting. She indicated that the project has gone as far as it can prior to a Town Meeting vote. In fact, the designs are complete and the article is asking for money to commence with reconstruction. Ms. Valente also said that Bill Place (Town Engineer/DPW Director) and Jody Kablack (Director of Planning & Community Development) would be speaking to the FinCom directly about this project.

Chairman Rao and others indicated that article #16 appears to involve bylaw changes and therefore the FinCom will pass on taking a position. Article# 18 and #19 would require votes by the FinCom. Ms. Valente indicated that Jim Kelly (Town Building Inspector) would be available to speak to the FinCom directly about these at a later date.

Bob Stein asked a member of the audience, Susan Iuliano (SPS School Committee member) what the status is for the Nixon roof repair project. Ms. Iuliano indicated that we have not heard anything back yet from the MSBA since submitting application information.

Bob Stein also indicated that Pat Brown (Sudbury Resident) might want to come before the FinCom to discuss the rail trail resolution articles. He speculated as to who might be presenting at Town Meeting and whether or not the financial gift from “the Friends” would be discussed at that time. He did not see it referenced in the article copies provided. No one commented further.

Item# 2: Preliminary FY13 Budget Discussion

Chairman Rao handed out copies of the updated budget summary issued by Andrea Terkelsen (Town Finance Director) at Monday night’s budget hearing. Mr. Rao mentioned that estimated revenues will be updated later. Also, he mentioned that the uncertain savings from entering the GIC (Massachusetts Government Insurance Commission’s sponsored health insurance programs) are likely to stay within the cost centers (i.e. the Town and SPS). Further discussion ensued on a variety of topics.

Chuck Woodard said that he is concerned with what is happening at LS (Lincoln-Sudbury Regional High School District) regarding SPED (Special Education as regulated under 603 CMR 28.00 - CMR stands for Code of Massachusetts Regulations). He asked how the large increases in SPED will impact teacher layoffs. He and other members are unclear as to how LS can control students that are placed out of district.

Bob Stein asked if LS is required to pay certain teacher stipends because that alone represents \$100,000. Jim stated that this is all part of the collective bargaining process and that that regardless, (union) contracts for LS specifically will most likely not be settled prior to Town Meeting and therefore we will unfortunately need to make many assumptions when determining budget levels.

Possible Override Amounts and Allocations for the FY13 Budget:

Chuck Woodard raised the question to all members as to how we should go about thinking of a possible override. Bob Jacobson said he would not want to give LS a disproportionate amount of funds without first consulting with the Town and SPS.

He further went on to say that we do not know if other items in (LS) contract negotiations will offset the perceived lesser savings of not going into the GIC as compared to Town and SPS. Also, savings for Town and SPS will most likely be used for other (non-healthcare benefit) items during their negotiations.

Joan Carlton remarked that LS decided not to join the GIC whereas the other cost centers have done so. As such, we need to be cautious in reallocating money from the other cost centers to LS. Bob Jacobsen, Bob Stein and other members agreed in saying that it would be unfair to penalize the other cost centers by taking some of their savings from entering the GIC as doing so would create a dis-incentive to drive future cost saving decisions (or non-decisions).

Bob Stein asked Town Manager Valente for more specifics about the decision to go into the GIC. She reiterated that employees did not have a choice in the matter. We can show that our savings going into the GIC will be at least (5%) more than any other available options. She went on further to explain that the GIC does not offer the exact plans that we have currently. All employees will be paying more for certain out of pocket expenses and for some, they may pay considerably more in premiums if they decide on the more expensive PPO plans in order to keep what they consider the same level of services as they have currently. Lastly, she mentioned that we negotiated with employee representatives to give 35% of the first year total savings as mitigation. While some employees may suffer greater financial hardship than others depending on what each chooses for new coverage the representatives negotiated that everyone would receive an equal share of mitigation monies with the first share being divided amongst all current retirees.

Bob Jacobson suggested that instead of an override maybe we could propose a capital (one year) exclusion for all of our capital needs and use that amount of the current budget for operating shortfalls such as the LS SPED situation. Town Manager Valente interjected to say that if a capital exclusion fails we lose (that money) for capital expenditures. If the capital exclusion passes you are still taking money from the other cost centers since the capital budget is for them. Chuck Woodard, Jim Rao and other members then made the comment that SPED is not only a one year problem. What might be coming next year and the years after that also need to be addressed.

Bob Jacobson and Bob Stein made note of the fact that we have agreed in the past that if SPS and the Town achieves savings (referring to savings from healthcare changes in recent years) they are able to keep those savings to address other needs in their No Override budgets. We should honor that arrangement again. Jim Rao, Bob Jacobson and the other members agreed that they would have a problem with penalizing them now by putting some of their savings towards the out of district SPED problems at LS.

Jim Rao indicated that if only an additional 1.25 FTE's at LS would save \$500,000 in SPED costs annually, why aren't we finding a way to increase FTE's? Bill Kneeland remarked that fixing the problem is not as simple as in a regular business setting. There is no guarantee that adding SPED programs at LS would meet the actual needs. Joan Carlton added that she would like to see a long-term plan that addresses SPED before we can make any final decisions, such as how and where the money to add new programs would come from.

Joan Carlton said we need more time before Town Meeting to make important votes.

Chuck Woodard commented that he's not hearing anything (from other members) that indicates any interest in an override or moving money between cost centers within the context of the No Override budgets. Jamie Gossels disagreed that there is no interest in an override. However Chuck Woodard and Bob Jacobson said they will not talk about an override without knowing what the new contracts are for all three cost centers.

Jim Rao indicated that since the savings going into the GIC is enough to fit SPS and the Town into their no override budget he could not support an override to fill the gap at LS of greater than \$500,000.

Bob Stein asked if we knew the cost of out-of-district students from Lincoln as likely are in a position to give (LS) more money. Chuck Woodard concurred by saying Lincoln could or should provide us (LS District) more money on occasion for things like SPED. Jamie Gossels pointed out that it would mean revisiting the regional agreement. Which led to others indicating some interest in doing so regarding SPED and also capital.

Bob Stein added that the problem at LS started 3 years ago when they gave larger salary increases as compared to the other cost centers. Bill Kneeland disagreed and indicated that those COLA increases are already in their base budget for FY12 and is not what is causing the issue for FY13. For example, changes at LS in healthcare are resulting in an 11% drop in costs.

Chuck Woodard pointed out that we cannot continue to nibble away at the LS budget any more than we can the other cost centers. Bob Jacobson commented that they (LS) also have a significant structural budget issue because of their pay structure with more teachers at the top step.

Chairman Rao looking to wrap up discussion made the statement that it sounds like we are not amenable to any override without knowing where that money would go. However, he recommended that we cannot make these decisions in a vacuum. We need to invite the cost centers to the meetings where this would be discussed. Also, if the revenue picture comes in better than we are expecting now we need to consider the possibility of allocating additional money disproportionately. Various other members indicated agreement with the Chairman's comments; some adding that all the cost centers should come and at least be able to comment on what's being considered.

Bill Kneeland made the motion to adjourn and was seconded by Jim Rao.

There being no further business, the Committee adjourned at 8:43pm.