

IN BOARD OF SUDBURY SELECTMEN
WEDNESDAY, FEBRUARY 29, 2012

Present: Chairman Lawrence W. O'Brien, Selectman John C. Drobinski and Town Manager
Maureen G. Valente

Absent: Vice-Chairman Robert C. Haarde

The statutory requirements as to notice having been complied with, the meeting was convened at 7:37 p.m. in the Lower Town Hall, 322 Concord Road.

Opening Remarks

At 7:37 p.m., Chairman O'Brien opened the meeting, and he announced Vice-Chairman Haarde is in transit and would arrive late. He further explained tonight's agenda is a joint meeting with the Finance Committee, to discuss the Committee's budget recommendations to the Board for publication in the Town Warrant. Chairman O'Brien noted the Town's budget season begins in October, and it includes many meetings and public hearings through the following February, culminating in tonight's discussion, which leads into Town Meeting.

Ameresco – Investment Grade Audit Agreement – Approval
Sudbury Landfill – Solar PV Facility – Discussion

Chairman O'Brien announced these agenda items have been rescheduled to the Board's March 7, 2012 meeting.

Joint Meeting with the Sudbury Finance Committee – Budget Discussion

Present: Finance Committee Chairman James Rao and Finance Committee members Bill Kneeland, Bob Stein, Joan Carlton, Bob Jacobson, Doug Kohen, Mark Minassian, Chuck Woodard and Jamie Gossels, Finance Director Andrea Terkelsen and Assistant Town Manager Maryanne Bilodeau

At 7:38 p.m., Chairman O'Brien welcomed the Finance Committee to this joint meeting with the Board of Selectmen, and he recognized the Committee's hard work this year.

Finance Committee Chairman James Rao presented an overview of the Committee's work in recent months, which included review of financial data from all cost centers, in formal public hearings, to review level-service and no-override budgets. He explained a level-service budget would maintain consistent services for the coming year as compared to the previous year. Mr. Rao highlighted collective bargaining discussions are underway this year, and thus the outcome of these negotiations instills some uncertainty to the budget figures. He explained the Committee provided parameters to each cost center to incorporate into their budgets, including compensation with no Cost of Living Adjustments (COLA), and just step increases appropriate for each grade level. Cost centers were also asked to provide their best estimates regarding healthcare costs under a no-override and level-service budgets.

Mr. Rao stated the no-override budget is revenue constrained, and that the only unpredictable variable is State Aid which fluctuates. The Committee used a conservative estimate allowing for 2.5% growth this year over last year. He noted the Governor's budget has appeared favorable for Sudbury in the ballpark of \$180,000. However, Mr. Rao stated the precedent has been that final State budgets for the municipalities tend to come in lower than the Governor's budget figures. Thus, the Committee decided it was more prudent to rely on the no-override budget revenue estimates.

Mr. Rao emphasized the good news reported to the Committee by all cost centers regarding projected health insurance savings. He stated L-S made significant progress, and it has locked in savings of \$340,000 (11%) as compared to last year. Mr. Rao also stated the Town and Sudbury Public Schools (SPS) expect to produce healthcare savings as a result of the decision to join the Group Insurance Commission (GIC). Savings are estimated to be \$1.1 million, year over year. He commended everyone who worked to achieve these significant savings. Mr. Rao reiterated that collective bargaining outcomes could alter these estimates. However, based on these estimates, he stated the Town and SPS can fit level services into a no-override budget for FY13. Mr. Rao distributed copies of a handout entitled the "FY13 Master Budget printed February 29, 2012," which will be the budget voted by the Committee later this evening, to be published in the Town Warrant.

Mr. Rao stated the High School situation is different. He noted the rise in out-of-district costs for FY13, which is the reason level services for the High School cannot be accommodated in a no-override budget. Mr. Rao stated that collective bargaining outcomes could alter estimates, but that currently a \$500,000 to \$600,000 deficit is anticipated. He reported the High School has applied to the State for emergency relief for the out-of-district costs. It was later noted that last year, less than ten communities applied for such assistance, whereas this year, 38 districts have applied to the State for emergency relief.

In summary, Mr. Rao stated the Committee unanimously is comfortable recommending a no-override budget, but it did not unanimously agree that it had enough information to recommend an override for the High School. The Committee has asked the L-S School Committee to provide additional information prior to Town Meeting so that a recommendation can be made.

Chairman O'Brien stated that, in this instance, a Special Town Election could be scheduled, if needed, following Town Meeting. He noted it was a very active budget season. Chairman O'Brien stated he was pleased legislation changed in time for the Town and SPS to be able to move towards joining the GIC in order to realize these cost savings.

Selectman Drobinski complimented Mr. Rao and the Finance Committee on the work it does to review this information on behalf of the community in order to formulate recommendations which will provide the best services possible to Sudbury. He emphasized the amount of work done by many people to bring this information forward to Town Meeting. Selectman Drobinski stated the health insurance savings is indeed good news for the Town in order to cut costs and save jobs.

Chairman O'Brien noted members of the L-S and SPS School Committees were also in attendance tonight.

Mr. Rao stated the Committee extensively deliberated the issues. He emphasized the out-of-district costs for L-S is an unfunded State mandate. Chairman O'Brien stated State representative Tom Conroy is working hard to have the State realize this is an issue which needs to be addressed. He stated the Finance Committee has rightly emphasized this is not a special education issue because everyone understands the need to provide appropriate education for students. However, it is an unfunded mandate which needs legislative relief.

Finance Committee member Bob Jacobson stated the Committee also wanted to discuss with the Board the need for longer-term planning for this out-of-district education issue and others. The Committee believes the Town needs to develop a comprehensive list of projects and prioritize which ones should be done and

how they will be funded. Suggestions have been made to possibly handle such projects as a one-year capital exclusion. Mr. Jacobson highlighted the health insurance costs for retirees and the need to collect better long-term information and do better planning for these costs. He noted that, although the Town will realize significant savings this year regarding healthcare plans, these savings are a one-time boost. Thus, Mr. Jacobson believes a long-term plan needs to be developed to manage these costs. He stated the Finance Committee would appreciate guidance from the Board on these issues and others.

Town Manager Valente thanked Finance Director Andrea Terkelsen and Town staffs for the work done to provide the Finance Committee with the information to do its job. She also thanked the finance staffs of both School systems for their work and information.

Chairman O'Brien stated the Town needs to begin to strategically plan for bigger projects. After Town Meeting, he suggested forming a committee, comprised of Town, SPS, L-S, Finance Committee, Department of Public Works and Selectmen representation, to address these issues, prioritize projects and determine how they should be funded. Chairman O'Brien noted Sudbury is in a good position to do this because its debt obligations are beginning to diminish. He also stated the Facilities Manager position, once filled, should help achieve energy efficiencies and to complete an audit of Town buildings. Chairman O'Brien stated there are several outstanding projects, including the Route 20 sewer system, a new Police Station, repairing building roofs, repairing Sherman's Bridge, and Sudbury's Other Post-Employment Benefits (OPEB) obligation that need to be discussed.

Mr. Rao stated all of these projects are important individually, but they all have a financial impact. Thus, he believes they need to be deliberated in relation to each other, so a strategic plan can be developed over a five or ten-year period of time. Mr. Rao also believes the Town's Stabilization Fund should be better funded and that Sudbury should have a larger Free Cash buffer. He believes the community needs more discussion regarding these competing interests.

Mr. Jacobson stated it is important that L-S's needs be included in future financial and capital planning and prioritization discussions. He suggested the Facilities Manager also develop a maintenance program for all capital buildings, facilities, and equipment. Mr. Jacobson believes these items need to be funded for each year, and that it would be beneficial to accumulate data on what are reasonable amounts to set aside.

Chairman O'Brien concurred that L-S should be part of the Capital Improvement Planning Committee's (CIPC) process and that the Committee's structure needs to be re-evaluated. He noted Finance Committee member Doug Kohen's experience on the CIPC and that his knowledge could be helpful.

Town Manager Valente stated she has spoken with both School Superintendents about beginning to compile project information with which to prepare a comprehensive project list. She stated the list would include major facility renovations, repairs, rolling stock as well as address the financial planning issues. She encouraged anyone with project ideas or input for the list to contact her.

Mr. Jacobsen suggested the Town might want to adopt a plan for the out-of-district education costs for the 2013 Town Meeting similar to what Wellesley did for its OPEB issue. Chairman Rao explained that in 2006, Wellesley submitted a home rule petition to the State to create an OPEB utilization of a capital exclusion, which was approved by the Legislature and voters for a one-time expense of \$18 million funded over ten

years. In 2016, Wellesley will have funded its OPEB obligation. Town Manager Valente stated it is important to evaluate options implemented by other communities as well.

Mr. Rao stated it would be beneficial to pursue a funding mechanism which would not be permanent and which could be used with discretion for an unfunded cost issue. In response to a question from Chairman O'Brien, Mr. Jacobson stated the Town would need to submit a home rule petition to raise one-time funds similar to a capital exclusion, but not for capital purposes.

Mr. Rao stated Sudbury needs to do a lot of work to determine what projects are needed over a five-or ten-year period, to determine what the reasonable costs of those projects are and to create mechanisms to pay for them, while maintaining flexibility for adjustments when needed.

Mr. Jacobson highlighted that the regular education budget is negatively impacted when it has to be tapped to help address the immediate special education out-of-district expense problem. He stated Superintendent Carpenter is thinking about creating in-house programs to reduce the out-of-district costs, but this too requires up-front money.

Chairman O'Brien stated it is important to also evaluate controlling cost structure as well as revenue generation.

Town Manager Valente stated it will become increasingly important for the Town to find ways to capture savings, when they occur, which can then be used for other purposes. Unfortunately, she highlighted that current municipal governance laws do not encourage this practice, but rather functions on "use it or lose it" principles. Town Manager believes this philosophy needs to change, so towns can save and plan to set aside funds for future use for a specific purpose. Mr. Jacobson concurred, stating towns have to be able to fund long-term liabilities over time.

Mr. Rao stated the Finance Committee is pleased to see the number of capital articles submitted for Town Warrant publication, and it believes Town Meeting discussion benefits the community.

Chairman O'Brien thanked the Committee for its work throughout the year and its presentation tonight. He also reminded citizens to vote in the March 6, 2012 Presidential Primary Election.

There being no further business, the meeting adjourned at 8:26 p.m.

Attest: _____
Maureen G. Valente
Town Manager-Clerk