

**Town of Sudbury
Finance Committee
Minutes of Meeting
Wednesday, July 11, 2012
7:30 p.m.**

The Town of Sudbury's Finance Committee Meeting, held on the second floor of the Flynn Building, was called to order at 7:35 p.m. by Chairman Jim Rao. Present for this meeting were Joan, Carlton, Jamie Gossels, Bill Kneeland, Doug Kohen, Mark Minassian, Jim Rao, Robert Stein and Chuck Woodard. Bob Jacobson arrived at 7:45 p.m.

Item #1: Transfers and Minutes

Jim invited Maureen Valente, Town Manager, to present information regarding several year-end transfers that were previously circulated to the committee. For the benefit of several new committee members, Maureen briefly described the types of transfers that the Town Departments typically come to the Finance Committee at year-end. Maureen then invited Bill Place, Director of Public Works, to join her and describe two proposed transfers. The first, involves the transfer of \$11,105.00 from the Salaries line item to the General Expense line item in the DPW's budget. These funds are to cover the cost of replacing required equipment that no longer works and is used by the surveyors in the Engineering Department.

After a brief discussion and several clarifying questions, a motion to approve was made by Doug Kohen and seconded by Joan Carlton. No further discussion. VOTE: Unanimous (9-0) in favor of motion.

The second transfer request from the DPW involves the transfer of \$3,300.00 from the Reserve Fund to pay for the cost of a required dam inspection. After several clarifying questions, a motion to approve was made by Bob Jacobson and seconded by Bill Kneeland. No further discussion. VOTE: Unanimous (9-0) in favor of motion.

Maureen then invited Mark Thompson, Technology Administrator, to join her and describe a proposed transfer from the Reserve Fund of \$13,042.76 to purchase new servers and a software upgrade for the Town's communications. These funds will add the DPW and Library to the Town's VOIP telephone system. After several clarifying questions regarding the purchase and process, a motion to approve was made by Jamie Gossels and seconded by Doug Kohen. No further discussion. VOTE: Unanimous (9-0) in favor of motion.

Maureen then invited Bill Miles, Fire Chief, to join her and describe a proposed transfer of \$27,678.50 from the Salaries line item to the Equipment Maintenance and Equipment line items in the Fire Department's budget in the amount of \$9,721.00 and \$27,678.50, respectively. These funds will be used for various repairs and replacements as well as the purchase of certain new

equipment. After a brief discussion and several clarifying questions regarding the purchase and process, a motion to approve was made by Bob Stein and seconded by Joan Carlton. No further discussion. VOTE: Unanimous (9-0) in favor of motion.

For the last set of transfers, Maureen invited Maryanne Bilodeau, Asst. Town Manager/HR Director, to join her and describe two proposed transfers. The first transfer, in the amount of \$115,000.00, is for the Workers Comp Trust and comes from the Unemployment and Property/Liability line items in the amount of \$50,000.00 and \$65,000.00, respectively. The second transfer, in the amount of \$125,000.00, is also for the Workers Comp Trust and comes from the Health Insurance line item. As the Town is self-insured, these excess funds will be used to replenish the Workers Comp Trust as the current balance in that fund is fairly low and our recent experience has been for a relatively higher number of claims. The amounts requested will fund the Workers Comp Trust at the maximum potential exposure.

After a brief discussion and several clarifying questions, a motion to approve the first transfer in the amount of \$115,000.00 was made by Bill Kneeland and seconded by Chuck Woodard. No further discussion. VOTE: Unanimous (9-0) in favor of motion. Next, the Chairman asked for a motion to approve the transfer in the amount of \$125,000.00. The motion was so moved by Chuck Woodard and seconded by Joan Carlton. No further discussion. VOTE: Unanimous (9-0) in favor of motion.

Members were asked to refer to the minutes of the meeting on May 3, 2012 that were previously circulated. Jamie Gossels suggested a modification to the second paragraph under Item #2. With no further discussion, comments or questions on the minutes the Chairman asked for a motion to approve. The motion was so moved by Joan Carlton and seconded by Mark Minassian. No further discussion. VOTE: 7 in favor of the motion and 2 abstained (Doug Kohen and Bob Stein).

Members were then asked to refer to the minutes of the meeting on May 3, 2012 that were previously circulated. With no further discussion, comments or questions on the minutes the Chairman asked for a motion to approve. The motion was so moved by Bill Kneeland and seconded by Doug Kohen. No further discussion. VOTE: 7 in favor of the motion and 2 abstained (Joan Carlton and Bob Jacobson).

Item #2: Overview of Nixon School Roof Project

Jim invited Maureen to provide an update on the Nixon School Roof Project. This was a capital item that was in the 2012 warrant but indefinitely postponed at ATM. Maureen reminded the committee that this article was originally placed in the warrant as a result of work that the Sudbury Public School Committee and the Permanent Building Committee had undertaken to submit a Statement of Interest to the Massachusetts School Building Authority (“MSBA”) for the partial replacement/repair of the roof on the Nixon School. The total cost of the project is currently estimated at \$705,000. In June, we heard from MSBA that they have invited Sudbury

into its Accelerated Repair Program. Sudbury is eligible to receive 36.89% of approved costs in reimbursement from the MSBA. While final approval from the MSBA is expected at its November Board Meeting, it will require action from Sudbury within 90 days. The current thinking is that a Special Town Meeting will need to be held within the December 2012 to February 2013 timeframe to accommodate the current, expected schedule of events.

Item #3 and #4: Member Feedback and FinCom Priorities for FY14

Joan Carlton informed the committee that she received feedback from most all members of the committee. She condensed the information down to a four-page hand-out, entitled "FinCom Feedback for 2011-2012 (FY13 Budget Year)" that she provided to each committee member (and is included as an addendum to these minutes). Joan read some of the responses that were received and listed within the hand-out and led a discussion with the committee members.

The categories included responses regarding the budget process in terms of both areas that worked well as well as areas of concern. Several members thought it was a good idea to have several meetings leading up to Annual Town Meeting ("ATM") and we should plan to do this again for next year's ATM. The meeting with the Lincoln FinCom was very productive given that we had a list of specific agenda items to discuss. One area of concern is that the cost centers don't always work in a collaborative way to solve overall budget issues. This was evident again this past year in somewhat contentious conversations around the allocation of the revised state revenue figures.

There was also a discussion of FinCom priorities for FY14 and beyond. Beyond the annual budget process, topics included greater visibility to long-term capital needs, continuing to highlight SPED out-of-district costs and continuing communications regarding out OPEB liabilities.

Item #5: Liaison Assignments

Jim handed out a sheet listing the liaison assignments for 2012-2013 and thanked those members who expressed their opinions on the different liaison positions. Bob Stein suggested that liaisons should make a point to attend their cost center's committee meetings, either in person or viewing them on Sudbury TV. Mark Minassian asked a question regarding the expectations for being a liaison. Jim described the expectations and the involvement working with their respective cost center throughout the budget process beginning in the fall and leading up to ATM.

Item #6: Public Comments

There were no Public Comments.

The next Finance Committee Meeting will be held on Wednesday, September 19, 2012 at 7:30 p.m. in the Flynn Building. Jim handed out a list of meetings for the calendar year.

Bill Kneeland made a motion to adjourn and it was seconded by Chuck Woodard. All were in favor. **There being no further business, the Committee adjourned at 9:56 p.m.**

ADDENDUM:

FinCom Feedback 2011-2012 (FY13 Budget Year)

Jim as Chairman

Thank you Jim – We all thought that you did an excellent (fabulous, great) job.

- The materials that you prepared, such as the revenue projections, were very helpful.
- Your presentation at the Town Meeting was excellent.
- You moved meetings along but at the same time you made sure that everyone got a chance to have their opinion heard. You did a good job of bring the group back when they got off track.
- There are a lot of different personalities on the FinCom and you did a great job of balancing everything.

The Budget Process This Year

Everyone felt the year went well. Generally, people felt that the extra meetings before the ATM were very helpful. Since most people replied by e-mail, I have copied their specific comments below.

Areas that worked well –

- I think both the timetable and information requested from the cost centers in the budget process works well. The decision to start town meeting later has provided the town with more current information that has proven to be beneficial in the budget process.
- The extra FinCom meetings prior to town meeting were very helpful. We were all better prepared for town meeting.
- It was a good idea to have multiple meetings leading up to ATM to meet and discuss the issues and get status updates from the cost centers, especially L/S.
- *The last two meetings before Town Meeting (not including the night of Town Meeting) were valuable in taking the place of the budget working group. I think we should plan to do this again next year and possibly have a similar meeting earlier in the process depending on the issues that come up.*
- *I thought the meeting with the Lincoln FinCom was very productive, probably because we had specific agenda items to discuss.*

Areas of concern –

- The cost center don't work in a collaborative way to solve the overall budget issues. This was evident again this year in conversations around the allocation of the revised state revenue figures. Last year, it was the cost shift in special education cost between SPS and LS. The elimination of the working group mechanism has probably contributed to this problem. The question is what actions, if any, can FinCom take to alleviate this issue.
- This year the town was able to fund the level service budget for each cost center due to a number of factors that broke in our favor. (health plans and state aid). We won't have the benefit of the health plan savings next year and who knows about state aid. We need to develop a more long term approach to the budget that identifies sustainable revenue flows in a non-override environment. This would have to include the buildup of a " rainy day fund ". Growth of free cash could effectively serve that purpose. FinCom approved a number of budget transfer requests from SPS and the Town just before town meeting.

While the requests appeared reasonable , what was lost was an opportunity to build free cash. The requests made and approved were more tactical than strategic in the budget process

- Despite the many meetings, felt like numbers were being updated right up until ATM. Seemed like the numbers for SPS and the Town could have been figured out in advance of the first night of Town Meeting. There was a lot of scrambling leading up until the start of ATM to review numbers and make sure information was correct. This could have, and should have, been done previously
- Lack of Budget Working Group impedes/inhibits the process. Nastiness in town politics is at a height I haven't seen before. Will eventually inhibit volunteerism by those who would be apolitical (which are the people who SHOULD be volunteering). Guess we're becoming a microcosm of the country. It's a shame. FinCom needs to try to stay above the fray.

FinCom Focus for Next Year and Future Years

- In terms of what we should focus on, I don't want us to lose site of the savings in SPS/town from moving to the GIC, both in terms of FY13 (amounts that were moved to salary contingency, amounts that were moved to other expenses, amounts still in the benefit contingency line), as well as new savings in FY14 that are going towards mitigation. I want to make sure these savings are not completely eaten up with other costs.
- I also think we need to discuss a better mechanism for moving costs between cost centers based on changing needs--specifically enrollment dropping at SPS and the big expected bump in LS (based on the 8th grade class of 2013).
- There have also been several great ideas discussed this year:
 - capital exclusion for larger capital items
 - "capital" exclusion for OPEB funding
 - discussion with Lincoln about a formula for capital items for LS which is doesn't necessarily follow the regional agreement (e.g. 50:50 split)
 - I think we should pursue these ideas in a timely manner so they can be brought before Town Meeting if necessary.
- Continue to highlight/follow SPED cost trends at our two school districts.
- SPED/Capital Improvements on a global basis including ALL cost centers in a consolidated schedule for each of these topics.
- Support a Capital Spending Plan
 - A comprehensive capital budget process that addresses both needs and funding options is needed.
 - Support a long-term capital planning process that incorporates input from 3 cost centers.
 - A capital spending plan for the town (including the high school) and funding for same is needed. I understand that the Board of Selectmen will be appointing an ad hoc committee to investigate and make recommendations. If he is not already doing so the Chairman needs to push the BOS to get this going so that those recommendations can be presented to the voters at Town Meeting next year.
- OPEB

- We need to keep the issue of the OPEB liability in front of the tax payer. How to fund.
- We need to get an up to date estimate of the OPEB liability given recent developments (GIC, State law, etc.)
- We need to make a major effort to educate the taxpayer in advance of the likely need in 1-2 years to increase taxes to deal with this.
- *I think we should continue to talk about OPEB and educate the public.*
- SPED - Out of District tuitions
 - We need to investigate the size of the problem and educate the taxpayer so that the impacts on taxes and/or quality of education and other town services are clearly understood.
 - We need to work with LS and SPS to be sure they are doing enough to reduce Out of District tuitions.
- LS Agreement

I continue to believe that we should revisit the LS Regional Agreement and think that Lincoln might be amenable to this discussion in theory, as I think many in Lincoln are unhappy with Sudbury's level of funding of LS. I understand that this might not officially be initiated by the FinCom, but we might consider advising the Selectmen on this matter.
- Education the citizen of the town

I think the best thing we can do to help the citizens is to educate them. I think a lot of people tune out on some of what we discuss because they simply don't understand the terminology, concepts, etc. The MA DOR publishes a very extensive municipal finance glossary that helped me very much when I came aboard. I assume that most of the citizens don't know what a stabilization fund is or what debt exclusion is. This guide provides all the definitions and I think that we should have a link to it on the town/Fincom website. Here is the link:

<http://www.mass.gov/dor/docs/dls/publ/misc/dlsmfgl.pdf>

Budget Process – Next Year

- Similar to this year, we should plan to have multiple meetings leading up to ATM to meet and discuss the issues and status updates from the cost centers.
- We need a clear understanding of the labor contracts. I recommend presentations by the chairpersons of the school committees soon after the contracts are signed.

Area of Concern

- I think we need to work harder as a group to keep our personal agendas and bias' out of the Q&A sessions/hearings with the cost centers. This type of interaction is counterproductive, and creates an adversarial relationship that I think actually impedes our ability to make progress. We need to be objective, questioning and making statements based on facts, not personal opinions. We also need to be very careful in how we use numbers to make points--it is very cavalier and irresponsible to be fast and loose with the numbers and make inaccurate statements based on numbers that were not correct.
- I continue to be frustrated with the level of politics that have entered into FinCom proceedings in the past few years. I'm not sure how to avoid it, though. I also wonder

about this feedback exercise. We discuss the feedback every year, but we don't usually follow through with any action items or decisions. Often members are in direct opposition on some issues-not sure what we should do about that.

- I am concerned about the growing divide between SPS and LS. I know that is not necessarily FinCom's responsibility but I think that if we can help smooth things over in certain areas we should.

New Members

In terms of on-boarding new members, the mentor program worked ok--but it would be helpful to have some documentation about where to find which pieces of information. Also, there were anecdotal comments made on several occasions about the contract negotiation history with LS and SPS/town, specifically in regards to LS getting much better terms and fewer concessions from teachers. I'd like to see specific data about this--so when it comes up in questioning or in our conversations, we have something we can actually point to.