

**Town of Sudbury
FY13 Budget Hearings Schedule
Finance Committee Meeting
Minutes of Meeting
Thursday, May 3, 2012
7:30 p.m.**

The Town of Sudbury's Finance Committee meeting, held in Lower Town Hall, was called to order at 7:38 p.m. by Chairman Jim Rao. Present for the meeting were Joan Carlton, Jamie Gossels, Bill Kneeland, Bob Jacobson, Mark Minassian, Jim Rao and Chuck Woodard. Bob Stein and Doug Kohen were absent.

Item #1: Transfers and Meeting Minutes

Jim invited Maureen Valente, Town Manager, to present a document entitled "Article 2 Budget Adjustments" to the committee. The source of funds, which total \$44,296, for Article 2 will come from savings from "Snow and Ice" and "Employee Benefits." If approved, the Town would use \$16,296 to replace 15 PCs (all of which are eight-years old) and acquire 2 tablets. The remaining funds would be used to replace the flashing school zone signs at Nixon and Noyes, signs which are the oldest in town.

After a brief discussion, a motion to approve was made by Chuck Woodard and seconded by Jamie Gossels. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

Next, Maureen presented information regarding the Natatorium project (Article 18) which will cost \$300,000. The town is applying for a grant but unfortunately we will not find out whether it has been approved until mid-June. As a result, the proposal to financing the project, should the grant money not be received, is to use funds from the following sources: \$200,000 from the reserve fund, \$27,141 from utility savings, \$44,000 from the health insurance premium rate holiday, and the remainder from excess funds available under previous town meeting articles for painting at Town Hall (completed 8/6/09) and for painting at the Fire Station (done 9/5/10). A motion was made by Chuck Woodard and seconded by Joan Carlton. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

Members were asked to refer to the minutes of the meeting on April 26, 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 Mark Minassian. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

Item #2: Article 30 and Article 31

Jim invited Chris Morley, Chair of the Community Preservation Committee ("CPC") and Jody Kablack, Director of Planning and Community Development, to present information regarding two CPC articles, Article 30 and Article 31, which need to be voted on before Town Meeting. Article 31, the proposed purchase of 15 Hudson Road, was presented first. The owner has agreed to sell the property to the town for \$275,000. An additional \$25,000 is estimated for the

costs to tear down the house and clean up the lot, resulting in a total cost of \$300,000 in the article. In the future, this property could be used to build an historic museum or for recreational purposes.

Article 30, the purchase of a restriction on the property known as Pantry Brook Farm, was discussed next. The entire parcel, which is just north of Lincoln Sudbury Regional High School ("LS"), is approximately 100 acres. The owner has agreed to a purchase price of \$7.91 million, with a net amount due from the town of \$7.76 million after accounting for funds donated from the Sudbury Foundation and Sudbury Valley Trustees. The town has been trying to purchase this lot since the 1970s as this is a highly desirable piece of property.

From a financing perspective, the proposal is to bond the entire purchase price for this property (\$7.76 million) given the low interest rates available and use the CPC's existing cash (\$4.35 million) to pay down older bonds which have higher interest rates than today's borrowing costs. The method to accomplish this would be through a defeasement whereby the amount of \$4.35 million would be set aside in an escrow today in the amount needed to pay down the bonds when they are callable in 2013 and 2014. This would result in a net savings of approximately \$250,000 via lower borrowing costs.

Jim asked if there were any further questions and there were none. Appreciation was given to Chris and Jody for their hard work.

Item #3: FY13 Budget Update

Discussion of Main Budget Article

Jim referenced a press release issued by the LS School Committee regarding changes to the formula for regional school assessments. In summary, a recent SJC ruling earlier in 2012 states that the statutory method is the default method for assessing member towns in a regional school district. The result of using this method at LS is that approximately \$166,000 of funding responsibility would shift from Sudbury to Lincoln. The Lincoln Finance Committee met last night and approved a recommendation to their Board of Selectmen to call a special town meeting to appropriate the additional funds for FY13 given that they already held their town meeting last month. As a matter of reference, this method is the formula that Minuteman Regional Vocational High School uses for their town assessments.

Next, Jim handed out revised projections that Andrea Terkelson, Finance Director for the Town of Sudbury, developed as a reference for the committee. He also mentioned that the numbers being provided are still in flux and that it was important that the committee understand the conceptual changes to the budget and revenue projections so that once all of the budget figures are finalized, we can vote on a final 2013 budget before Town Meeting. Chuck stated that he understood that the numbers on the Budget Summary sheet were still fluid, but we need to get them right heading into Town Meeting. We must have confidence in what we vote in. As a result of both the slightly higher revenue forecast as well as the change to the statutory method for assessments by LS, Jim stated that it did not look like a change in the method for allocating non-

override revenues would be needed as all three cost centers could fit their level service requests within a non-override budget.

Next, Jim asked Maureen Valente, Town Manager for Sudbury, to address the committee regarding potential FY13 budget scenarios as she was unable to attend the previous meeting. Maureen mentioned that she felt the town was in an awkward position. She said she was uncomfortable giving town savings that were generated by healthcare changes made by employees to help L/S via a change in the traditional budget allocation methodology (i.e., providing LS with a higher proportion).

Jim then asked for a general discussion amongst the committee. He reminded the committee that they were in a very different place vs. a few weeks ago given that level services budgets could be funded via the traditional cost center allocations in a non-override revenue scenario. He also cautioned the committee to remember that while this is certainly a good position to be in, we are in this favorable position only because of several one-time budget items totaling almost \$500,000 that benefited LS heading into FY13. We are only patching the problem at LS for this next fiscal year. Bob Jacobson mentioned that it seemed as though the need to change the cost center allocation methodology which was discussed at the last meeting had dissipated. Chuck Woodard stated that while it was encouraging that we did not need to change the traditional cost center allocation methodology, the reality is that we will need to revisit this in the future given changes in student enrollment projections, etc. There was no other discussion by the committee.

Susan Iuliano, SPS School Committee member asked Jim if she and Jeff Beeler, Chair of the SPS School Committee, could address the Finance Committee. The Chair agreed. Susan mentioned that while the recent developments were encouraging, it was important to remember that there was a structural disparity in terms of compensation between SPS and LS. Jeff also made a point, via a hand-out that was provided, that showed that SPS administrators were in fact not paid more than other comparable administrators at other school districts as was implied at the last Finance Committee meeting. He also showed the committee data that showed that there were more students within the Sudbury school district as compared to these other districts. Jeff stated that the Employee Benefit Reserve Account was set up as a way-station to help the budget process. He said the Employee Benefit Reserve Account was SPS' money, and it was not the Finance Committee's job to micro-manage their money and to tell SPS what to do.

Chuck Woodard expressed his concern that there seemed to be tone that there was a line in the sand regarding potential changes to the cost center allocation methodology. If the allocation needs to get changed, it will get changed for very good reasons and does not agree that we should never cross that line. Jeff said that the practical impact of changing the cost center allocations would be devastating to SPS. Susan mentioned that one of the reasons that SPS has smaller deficits because of sacrifices made by employees in prior years.

Discussion of Remaining Articles

Jim provided a handout that highlighted the remaining budget articles that the committee needed to vote on as well as the results of the votes already taken. He reminded the committee that as

discussed earlier in the evening, the main budget articles would be voted on prior to Town Meeting once the 2013 budget figures have been finalized.

The first article for the committee to discuss and vote on was Article 13 (Stabilization Fund for Minuteman). He reminded the members that Dave Manjarrez, the Sudbury representative on the Minuteman School Committee, addressed the committee at its last meeting. Dave expressed his opinion that he does not support this article. Dave does not believe the current funding mechanism for Minuteman works any longer and that it places too high a burden on member towns and not enough of the burden is shared by non-member towns. Bill Kneeland also mentioned that Minuteman already has a mechanism for getting funding for emergency funding for repairs via the current assessment process. Larry O'Brien, Chair of the Sudbury Board of Selectmen ("BOS"), was in attendance and Jim asked Larry if the BOS had already voted on this article. Chairman O'Brien mentioned that the BOS had already voted and was not in favor of this article.

A motion was made by Bob Jacobson to approve Article 13 (Minuteman Stabilization Fund) and seconded by Jamie Gossels. VOTE: The vote was unanimous (7-0) not to approve the motion.

A discussion of Article 15 ensued. Maureen stated that a grant may be coming but could not be totally counted for FY13. Maureen urged support of this article for the purchase of Fire Department safety equipment in the amount of \$10,000. After a brief discussion, a motion to approve was made by Joan Carlton and seconded by Chuck Woodard. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

Articles 17 and 19 were not voted on as these articles were Indefinitely Postponed.

After a brief discussion of Article 18, a motion was made by Jamie Gossels to approve Article 18 (Natatorium HVAC and Associated Roofing) and seconded by Chuck Woodard. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

A motion was made by Bill Kneeland to approve Article 30 (CPF Pantry Brook Farm Restriction) and was seconded by Chuck Woodard. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

A motion was made by Bill Kneeland to approve Article 31 (CPF – Purchase and Restore Property at 15 Hudson Road) and was seconded by Jamie Gossels. No further discussion. VOTE: Unanimous (7-0) in favor of motion.

Public Comments

Brad Jones, 60 Cider Mill Road and an SPS teacher in Sudbury, spoke to the committee. He mentioned that historically, SPS teachers have been OK with being paid on the lower scale given that benefits were better. Now, however, he believes they have one of the worst benefits packages as well given the move to the Group Insurance Commission ("GIC") health plans. Mr. Jones said the morale had really sunk. The cost of living has increased, the staff at SPS was giving more and more, and they were getting paid less and less. He highly recommended that

there not be a change in the cost center allocations. He made mention there was a “perfect storm brewing”. He said he fears the teaching staff has been beaten down. He asked FinCom to consider the advice they have been given regarding the allocation of funds.

Barbara Ryan, a 32-year resident of Sudbury living on Ford Road and a teacher for the Curtis Middle School in Sudbury, also presented to FinCom. She backed Mr. Jones but she also made mention of the staff and the custodians within SPS who were not highly paid. She said the last three years they had given up more than any school. She asked the FinCom to consider supporting overrides. Jim Rao mentioned that the committee has in fact supported overrides in the past. Most recently, the committee supported an override last year.

The next meeting will be held on Monday, May 7, 2012 at 6 p.m. in the Conference Room A300 at Lincoln-Sudbury Regional High School (prior to the start of the Annual Town Meeting. Jim said pizza would be provided, and asked that each member bring their own beverage.

Bill Kneeland made a motion to adjourn and it was seconded by Joan Carlton. All were in favor.

There being no further business, the Committee adjourned at 9:58 p.m.