

**Town of Sudbury
Finance Committee
Minutes of Meeting
Wednesday, September 19, 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, Mark Minassian, Jim Rao and Bob Stein. Doug Kohen arrived at 7:45 p.m. Bob Jacobson, Bill Kneeland and Chuck Woodard were absent.

Item #1: Transfers and Minutes

Members were asked to refer to the minutes of the meeting on July 11, 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 Jamie Gossels and seconded by Mark Minassian. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

Jim then invited Maureen Valente, Town Manager, to present information regarding a proposed transfer from the Town. The proposed transfer of \$43,800 involves a shift of funds from the Salaries line item to the Contract Services line item in the General Government section of the Town budget. On August 31st, the Director of Assessing retired and rather than immediately post the vacancy and hire a replacement, the Town has decided to outsource some of these responsibilities for FY13. This does not mean that the Town has decided to permanently outsource this position but rather wants to provide immediate support to the department given that the triennial revaluation will take place in FY13.

After a brief discussion and several clarifying questions, a motion to approve was made by Jamie Gossels and seconded by Mark Minassian. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

Item #2: Review of Articles for Special Town Meeting

Article #1: Roof Replacement and Repair – Nixon Elementary School

Jim invited Lisa Gutch, Vice Chair of the SPS School Committee, and Jim Kelly, Joint Facilities Director for the Town and SPS, to provide an update on the Nixon School Roof Project: Article #1 in the Special Town Meeting ("STM") Warrant. This was a capital item that was in the 2012 warrant but indefinitely postponed at ATM in May 2012. She explained the background of this article as it 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 recommendations for the Nixon roof were part of a comprehensive roof condition survey that the Town hired Russo Barr Associates to conduct. The report, which is available on the Town's website, was originally completed and published in September 2010 and later updated in February 2012.

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. Originally, it was thought that a STM would occur within the December 2012 to February 2013 timeframe. However, given that the Town is required to hold a STM on September 24th, this article was fast tracked in order to try and avoid having to pay for two separate Special Town Meetings.

Lisa informed the committee that new information has been received since the STM Warrant was pulled together and distributed to taxpayers. As a matter of background, when the Warrant for the September STM was published the team had to rely on the initial estimates developed by Russo Barr given that the specific partners that MSBA was going to assign to Sudbury were still in process. As a result, an estimated project cost of \$750,000 was used.

Subsequent to the publication of the Warrant, the MSBA assigned a design firm to our project. Unlike the Noyes Project, as a condition of participating in the Accelerated Repair Project the MSBA requires town's to use design firms and other consultants which they assign. As a result, despite our recent experience with roof repair projects we cannot use design firms, such as Russo Barr, that we have experience with and confidence in. Lisa explained that the design firm, Icon, presented an initial estimate of more than \$1 million to the project team just this morning. Upon questioning by the project team, given the significant disparity from the original estimates provided by Russo Barr, Icon came back with a revised estimate of \$970,000 later today. The project team does not accept these estimates and believes they are significantly overstated. However, given that STM is only five days away, it is unclear what the project team will do in terms of a presentation to STM. There are additional meetings planned for the next several days but at this point in time, the project team does not have a final estimate to present the Finance Committee.

Mike Melnick, Co-Chair of the Permanent Building Committee was in attendance and explained some of the background for other projects, such as the Noyes Roof Repair and Replacement Project, which was a Green Repair Project, and how this MSBA project, which is an Accelerated Repair Project, differs. Specifically, we cannot choose the design firm and project managers that we want to work with but rather are required to use the firms that the MSBA chooses for us.

Jim Rao recommended that additional diligence needs to be completed and that it should not be rushed as they need to be confident in the estimate that is presented to STM. Mark Minassian asked whether Icon provided a detailed cost breakdown that could be used to compare and

understand where the discrepancies are between their estimates and our prior estimates. Mike Melnick explained that the biggest discrepancy is that the cost per square foot estimate for the roof used by Icon is extremely high and much higher than both the estimate provided by Russo Barr as well as our actual experience with the Noyes roof. Mark also mentioned that it is important to have an easy to understand breakdown of any difference in the new estimates vs. what is currently in the article when presenting to STM as that is a concern that other people have expressed as it relates to our last Annual Town Meeting (“ATM”). Bob Stein reiterated Mark’s concerns and mentioned that he heard many taxpayers voice their concerns with short notice given and the number of budget figures that were different from the warrant as the headed into ATM. Lisa agreed and is frustrated that they do not have that analysis as of yet but will continue to work diligently between now and Monday to determine if they have enough information to move forward with a presentation to STM. Jim thanked Lisa, Jim Kelly and Mike for their update.

Article #2: Fairbank Community Center Roof Project

The Chair invited Jim Kelly to provide an update on the Fairbank Center Roof Replacement: Article #2 in the STM Warrant. Jim went through a presentation prepared for Article 2 and that was previously circulated to the committee. Bob Stein asked, given what we heard earlier regarding the Nixon Roof Project, how confident we are in the current cost estimate given that the detailed design work has not yet been completed. Jim Rao cautioned the committee to draw direct parallels between this project and the Nixon project as they are very different. The firm that has provided us with cost estimates is Russo Barr, a firm that we are very familiar with and that helped us with the Noyes Roof Project. By contrast, we are forced to work with a specific design firm for the MSBA project, a firm that admittedly has decided to use an estimator for which they’ve never worked with before.

After a brief discussion and several clarifying questions, a motion to approve was made by Jamie Gossels and seconded by Doug Kohen. No further discussion. VOTE: Unanimous (6-0) in favor of motion.

Article #3: Community Preservation Fund – Additional Funds for Purchase of 15 Hudson Road

Jim explained that this is an addendum to the article originally approved at the 2012 ATM as it applies to how the back taxes, estimated at \$16,800, would be handled as part of the agreed purchase price. This article is submitted as a placeholder in the event that the Department of Revenue (“DOR”) does not approve the Town’s abatement application. If DOR approves the abatement, this article will be passed over. If it does not approve the abatement application and this article is approved, the back taxes will be paid from CPA funds into the Town’s General Account.

After a brief discussion, a motion to approve Article #3 was made by Mark Minassian and seconded by Jamie Gossels. No further discussion. VOTE: Unanimous (6-0) in favor of motion.

Jim then reviewed the remaining articles on the STM Warrant with the Committee. It was determined that, with one exception, the remaining articles were not financial in nature and as a result the Finance Committee would report to STM that they take no position. The one exception was Article #6: Elimination of Unfunded Federal and State Mandates. While there is clearly support for the concept, it was unclear neither what this article specifically hoped to accomplish nor what implications there might be from approval. Moreover, as the Committee has not had the benefit of hearing from the petitioner as of yet, they will not be able to take a position heading into STM.

Item #3: Power Purchase Agreement (“PPA”)

Jim invited Maureen Valente and Bill Braun, Chair of the Energy and Sustainability Green Ribbon Committee, to discuss the Power Purchasing Agreement that was approved by the Board of Selectmen (“BoS”) on September 18th. Maureen explained the background of this project and that the Energy and Sustainability Green Ribbon Committee has been working to create a solar electricity generation facility on the Town’s landfill to help reduce the Town’s energy costs and to finalize the landfill closure permitting with the Department of Environmental Protection. She provided a summary of the prior work performed and the negotiations that began earlier in the year with the selected solar developer, Ameresco, to develop a PPA to install, own operate, maintain, and de-commission a photo-voltaic system under a 20 year contract with Sudbury. The BoS unanimously approved this agreement at their meeting last night.

Maureen then asked Bill Braun to explain the system. He stated that this contract is expected to save the Town approximately \$140,000 in the first year and approximately \$4.1 million over the life of the contract. He mentioned that the actual savings realized will depend on the actual rate of increase in the cost of electricity on which the metering credit is based. After a brief discussion and several clarifying questions, the Committee thanked Maureen and Bill for their update.

Item #4: Public Comments

There were no Public Comments.

The Finance Committee will meet next on Monday, September 24, 2012 as the committee participates in Sudbury’s Special Town Meeting. The next regularly scheduled Finance Committee Meeting will be held on Monday, October 15, 2012 at 7:30 p.m.in the Flynn Building.

The Chair expressed his best wishes and speedy recovery to Committee member Bill Kneeland.

Jamie Gossels 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 9:06 p.m.