

**Town of Sudbury  
Finance Committee  
Minutes of Meeting  
Monday, July 8, 2013  
7:30 PM**

The Town of Sudbury's Finance Committee Meeting, held in the Flynn Building, and was called to order at 7:38 p.m. by Chairman Doug Kohen. Present for this meeting were Joan Carlton, Robert Stein, Bill Kneeland and Bob Jacobson. After being formally voted in by the Finance Committee and sworn in by Maureen Valente, Susan Berry, Andrew Sullivan and Mark Minassian joined the meeting, and Tammie Dufault was absent.

**Item 1: Format Vote on New Members**

Doug Kohen informed the committee that they needed to formally vote on the appointment of the new members to the Finance Committee.

Joan Carlton made a motion to appoint Mark Minassian to fill the position previously held by Jamie Gossels that would be effective through completion of 2014 town meeting. Bill Kneeland seconded the motion. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

Bob Jacobson made a motion to appoint Tammie Dufault to fill the position previously held by Chuck Woodard that would be effective through completion of 2014 town meeting. Bill Kneeland seconded the motion. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

Bill Kneeland made a motion to appoint Andrew Sullivan to fill the position previously held by Mark Minassian that would be effective through completion of 2014 town meeting. Joan Carlton seconded the motion. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

Bob Jacobson made a motion to appoint Susan Berry to fill the position previously held by Jim Rao that would be effective through completion of 2014 town meeting. Bill Kneeland seconded the motion. No further discussion. VOTE: Unanimous (5-0) in favor of motion.

**Item 2: Transfers and Minutes**

Members were asked to refer to the minutes of the meeting on May 2, 2013 that were previously circulated. With no further discussion, comments or questions on the minutes, Chairman Kohen asked for a motion to approve the minutes. The motion was so moved by Joan Carlton and seconded by Bob Stein. No further discussion. On vote, motion was approved (3 in support and 5 abstentions, Bob J. and Bob S. and the new members had not attended the May 2 meeting).

Members were then asked to refer to the minutes of the meeting on June 11, 2013 that were previously circulated. The words "were absent" were removed from the first paragraph. With no further discussion, comments or questions on the minutes, Chairman Kohen asked for a motion

to approve the minutes. The motion was so moved by Bill Kneeland and seconded by Joan Carlton. No further discussion. On vote, motion was approved (5 in support and 3 abstentions from new members).

Doug invited Andrea Terkelsen, Town Finance Director, to present information regarding several year-end transfers that were previously circulated to the committee.

Andrea described a request to transfer \$21,649 from the Unclassified Medical Claims account to the State Cherry Sheet Assessment account. Andrea explained that the account for the State Cherry Sheet charges was budgeted \$157,834 but the actual charge was \$179,483, thus a shortfall of \$21,649. Chairman Kohen asked for a motion to approve the request to transfer \$21,649 from the Unclassified Medical Claims account to the State Cherry Sheet account. The motion was so moved by Bill Kneeland and seconded by Mark Minassian. No further discussion. VOTE: Unanimous (8-0) in favor of motion.

Andrea then described a request to transfer \$201,664 from the Reserve Fund to cover the snow and ice deficit. Andrea explained that this was needed to cover the costs associated with the large number of snow storms during the past winter. In answer to a question, Maureen Valente explained that it is to the town advantage to estimate low for the snow and ice budget and include extra in the Reserve Fund to cover shortfall. Chairman Kohen asked for a motion to approve the request to transfer \$135,129.35 from the Reserve Fund to the Snow Materials account; \$51,791.18 from the Reserve Fund to the Snow Contractors account; and \$14,643.47 from the Reserve Fund to the Snow and IDC Overtime account. The motion was so moved by Bob Jacobson and seconded by Mark Minassian. No further discussion. VOTE: Unanimous (8-0) in favor of motion.

Andrea then described a request to transfer \$25,532.17 from the Engineering Salaries account to cover the remainder of the snow and ice deficit. In answer to a question, Maureen Valente said that the money was available in the Engineer Salaries account since the town is still waiting for guidance from the state before hiring a consultant for Storm Water Drainage. Chairman Kohen asked for a motion to approve the request to transfer \$25,532.17 from the Engineering Salaries account to the Snow and IDC Overtime account. The motion was so moved by Joan Carlton and seconded by Bill Kneeland. No further discussion. VOTE: Unanimous (8-0) in favor of motion.

### **Item 3: LS Technology Presentation**

Radha Gargeya, Chairman of the Lincoln Sudbury High School Committee, gave a presentation entitled “ LS Regional School District – Technology Initiative Presentation” . The purpose of the presentation was to educate the members of the Finance Committee on the technology needs at Lincoln-Sudbury High School.

Mr. Gargeya began by explaining the makeup of the Technology Initiative Working Group. Mr. Gargeya is the chairman and members include - a member of the LS school committee, the LS superintendent/principal, the LS Finance Director, a member of the Finance Committee, a member of the Sudbury Capital Committee, a member of the Lincoln Capital Committee, the LS Network Administrator, and two LS Computer technicians.

Mr. Gargeya explained that through the 1980's and 1990's Sudbury and Lincoln invested yearly in computers and other technical equipment and as a result the technology at the high school was kept up to date. When the new high school was opened, there was \$1.2 million invested in computer and network equipment but since then there has been minimum investment and as a result much of the equipment is out of date. Mr. Gargeya compared technology requirements in 2003 vs. those in 2013 to show how much requirements have changed. He explained that within 3 years of purchase most network and computer equipment is considered out of date.

Mr. Gargeya explained how computers have become a tool for learning and he explained how heavily each department is dependent on technology and the impact that out dated equipment is having on each department.

Mr. Gargeya briefly reviewed the equipment that would be purchased as part of the Technology Initiative and reviewed a potential time-frame for implementation assuming budget is approved in the coming year.

Mr. Gargeya's presentation is available at this link - <http://www.lsrhs.net/sites/schoolcommittee/files/2013/07/LSTechPresentation.pdf>

**Item 4: Liaison assignments**

Chairman Doug Kohen distributed a spreadsheet with committee members Liaison Assignments for 2014 and reviewed the assignments with the members. A copy of the assignments is below.

<b>Finance Committee Liaison Assignments</b>		
<b>Committee</b>	<b>Liaisons thru TM 2013</b>	<b>Liaisons thru TM 2014</b>
Board of Selectmen/General Town Govt.	Bob Stein Chuck Woodard	Andrew Sullivan Mark Minassian
Debt Service / Unclassified	Jim Rao	Doug Kohen
Public Works / Utilities	Chuck Woodard	Mark Minassian
Public Safety	Bob Stein	Andrew Sullivan
Human Services	Chuck Woodard	Mark Minassian
Culture & Recreation	Bob Stein	Andrew Sullivan
Lincoln-Sudbury Regional HS	Bob Jacobson Doug Kohen	Bob Jacobson Tammie Dufault
Sudbury Public Schools	Joan Carlton Jamie Gossels Mark Minassian	Joan Carlton Susan Berry
Minuteman RVTHS	William Kneeland	William Kneeland
Capital Improvements Planning Committee	Doug Kohen	Bob Stein
LSRHS Building Committee	Robert Jacobson	Bob Stein

Permanent Building Committee	Robert Jacobson	Bob Stein
CPA Bylaw	William Kneeland	William Kneeland
LSRHS Technology Committee	Jim Rao	Joan Carlton
Rte 20 Sewer Committee	Joan Carlton	Andrew Sullivan
Rte 20 Sewer Citizens Advisory Committee	Mark Minassian	Mark Minassian
Lincoln FinCom	Jim Rao	Doug Kohen

<b>Finance Committee Strategic Assignments</b>		
<b>Committee</b>	<b>thru TM 2013</b>	<b>thru TM 2014</b>
Vice-Chair		Joan Carlton
OPEB		Bob Jacobson Bill Kneeland
New Member Onboarding		Mark Minassian
FinCom Social Media		Doug Kohen
FinCom Website		Andrew Sullivan
FinCom FAQ's (for citizens)		Susan Berry
FinCom Warrant		Tammie Dufault
Strategic Capital Plan		Bob Stein

**Item 5: Member feedback**

Chairman Doug Kohen distributed a memo with a summary of 2013 Finance Committee member feedback. Doug stepped through the feedback and there was discussion on some of the points. Some of the key discussion points were the need for a long term capital plan, the need for guidelines for how Finance Committee members should conduct themselves in public forums, and the need for potential changes to the cost-center allocation model. A copy of the feedback is attached at the end of these minutes.

**Item 6: Discussion: Finance Committee priorities for FY14/15**

Chairman Doug Kohen began the discussion by presenting his thoughts on the priorities for FY14/15. His suggested top priorities are –

1. Long Term Planning – particularly for Capital and OPEB
2. Cost Center Allocations
3. Transparency and Communications

These were discussed and generally agreed as the top priorities by the committee members.

**Item 7: Public Comments**

Andrea Terkelsen, the town Finance Director, explained that the town was doing a bond issue on August 1<sup>st</sup>. This included 3 million for Pantry Brook, \$430,000 for the Nixon Roof and \$4 million for refinancing CPA debt.

Andrea suggested that the members of the Finance Committee attend the Board of Selectmen meeting on July 9 at which the new BOS members would be sworn in.

Andrea invited the Finance Committee to update the Finance Committee article that was in the warrant and submit it for inclusion in the 2014 Budget book.

**Item 8: Adjourn**

Bill Kneeland made a motion to adjourn. All were in favor and the meeting adjourned at approximately 9:28PM

## Attachment 1

### FinCom Feedback 2012-2013 (FY14 Budget Year)

#### Jim as Chairman

- Jim did an excellent job as chair. Excellent presentation at town meeting. Kept group on track. Dealt well with different personalities.
- I think Jim did an excellent job as chair, in particular in communications with the committee, with other committees in town, and in building consensus among all of them.

#### The Budget Process This Year

##### Areas that worked well –

- Overall, the budget process is working fine. I think both the timetable and the information requested from the cost centers in the budget process works well.
- I like having the revenue projections and using them to give guidance to the cost centers.
- I liked the extra meetings before ATM – we all have a better understanding and are better positioned going into town meeting.
- Extra meetings were helpful. Having a specific agenda for the joint meeting with Lincoln FinCom as well as inviting the LS school committee to attend that meeting made it a more productive meeting.
- The budget hearings were fluid and the process leading up to Town Meeting was very efficient.
- The later start to town meeting has provided us with more current information that has proven to be beneficial in the budget process. Admittedly, a non-override" level service" budget request allows for a smoother process.
- I thought this years' FinCom went smoothly and went well. I didn't see anything that didn't work well. It was easier because of a no override request.
- Progress has been made on several fronts (e.g. awareness of OPEB problem, strategic plan for capital spending, increase in stabilization fund).
- I think the FinCom process has continued to work well. I think the OPEB articles were well received and widely read. FinCom should continue to use the press as much as possible and appropriate to inform citizens of financial matters as they arise.

##### Areas of concern –

- We need to develop a more long term approach to the budget that identifies sustainable revenue flows in a non-override environment. This needs to include the issue of when it would be appropriate to use our "rainy day funds" and for what purpose.
- The use of the E&D funds by LS was not properly vetted with FinCom.
- The cost centers don't work in a collaborative way to solve the overall budget issues. They all want their equal percentage share of the new funding. This needs to change. In particular the funding allocation between the two school cost centers needs a hard review. The question is what actions can or should FINCOM take on this issue.
- My major frustration has been that the FinCom has become increasingly political over the past few years which I believe is counterproductive to its effectiveness.
- People on the Committee being too publicly political.
- I think it's important for the chairperson to be vigilant in limiting discussion only to FinCom matters.

- Would like to see more members get involved in analysis and support. For example, the OPEB article(s) written by Chuck, Bob and Bill were excellent. Would be nice to see other members get more involved proactively with the cost centers vs. just asking questions at FinCom meetings.
- March meeting were not scheduled until Feb – long after the meeting schedule was published.

### **FinCom Focus for Next Year and Future Years**

- Long-term Planning
  - OPEB funding, capital planning (and funding)
  - Continue to focus on the longer term, particular for capital items. We need to continue to educate on OPEB.
  - A long term funding strategy for our unfunded OPEB liability.
  - The FinCom should work with the BOS (push them if necessary) to get going with a long term capital plan. Now is the time to lay this stuff out including the funding with an eye on layering in new debt service in a way, ideally, that total debt service does not rise and (hopefully) declines a little. Much easier than sudden big spikes when something has to be replaced "now" and probably cheaper in the long run. This would probably also include a partial bonding of the OPEB liability to at least make a down payment on it.
  - A long term capital budget needs to be developed. Both the bylaw changes approved at town meeting and the capital needs analysis presented this year are good first steps. All parties involved must now move to answer to questions of why, when and how to fund.
  - We need to focus on a long term planning for budgets and get all cost centers on board with that. Since we have 3 year contracts we should have at least 3 year projections
- Cost-center Allocation
  - Revisit the cost center allocation model to determine if the current split optimizes our tax dollar spend
  - I also agree with last year's comments about the interaction and allocation between LS and SPS. This year this issue became even more apparent to me. As a liaison to SPS, I was often reminded about the cuts SPS has had to make over the past several years and that the "understanding" (with FinCom) had been that SPS should be able to utilize whatever "savings" it was able to gain from favorable contract negotiations.
  - Put pressure on Lincoln in whatever way we can to open up the municipal agreement and make sure they are paying their fair share, both for operating costs and capital costs.
  - I think the old budget working group needs to come back but with the meetings publicly posted. The only productive way to build consensus around something other than the same allocation of the budget among the cost centers every year is to have everyone sit down and talk together about it. This will be critical if student populations change to the point where money has to be shifted from one school system to the other. A grand set piece meeting with FinCom, LSSC, SPSSC, and the BOS plus staff (30 people?) is a setting for speeches, not informal discussion and give and take. 2 members from the FinCom and each of the two school committees, one BOS member, and the Town Manager. 8 people. Maybe include the Finance managers- another 3 for a total of 11 max. Early morning for 1-2 hours, probably monthly or more frequently until you

- accomplish what you set out to do. In between meetings people can consult with their full committees
- Communication and Transparency
  - Continue to improve on presenting financial information in the most transparent way so the average taxpayer will be able to easily obtain that information and understand it.
  - We (and those who say they don't know what we're doing) complain our messages don't get out. We already use cable TV, Patch and the Crier. We should consider expanding communications from the FinCom through the use of social media? i.e. a Facebook page or a Twitter account for FinCom use (messages to be pre-approved by FinCom vote, etc.)?
  - We need a public relations sub-committee to educate the public what we do, our role, as well as take on some small special projects that the public has concerns on.
  - Come up with "informal" guidelines for FinCom members to follow when at other meetings or in commenting through public media.

### **Budget Process – Next Year**

- I would suggest more than one meeting with the BoS. Perhaps something at the start of the budget process and then the standard joint-meeting prior to the publication of the warrant.
- This is a critical year. Almost half our members our brand new. We need to have extra meetings to bring them up to speed and educate.
- With regards to public comments (and I do acknowledge that they are rare), they should be discussed among the committee right then to provide some insight to the person asking the question.
- If we don't have a recording secretary – I suggest we rotate thru the FinCom members.
- I think it would be good to have committee members report to FinCom on the answers to the FinCom questions that are distributed to the cost centers.
- Look at how other towns present their financial information for ideas
- Our letter to the cost centers can be improved upon (again, perhaps looking at other towns for ideas).
- I would like to have more information from the cost centers on the prior year's budget - Revenue from each source, How much of the budget was spent and how much went into reserves or were reserved dipped into, free cash, etc.
- Focus on budget control, especially with the potential override for SPS coming up for FY15.
- Make sure that the cost centers are not using FinCom as a scapegoat for their inefficiencies, and we need to directly address those instances when they do