

**Town of Sudbury
Finance Committee
Minutes of Meeting
Tuesday, February 24, 2014
7:30 PM**

The Town of Sudbury's Finance Committee (FinCom) Meeting was called to order at 7:34PM by Chairman Doug Kohen at the Flynn Building. FinCom members present for this meeting were: Doug Kohen, Joan Carlton, Susan Berry, Robert Jacobson, William Kneeland, Robert Stein, Andrew Sullivan, Tammie Dufault and Mark Minassian.

Item 1 – General Business

Members were asked to refer to the minutes of the meeting held on November 18, 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 Bill Kneeland and seconded by Joan Carlton. VOTE: The minutes were unanimously approved.

Members were asked to refer to the minutes of the meeting held on December 16, 2013 that were previously circulated. Joan Carlton offered grammatical edits. 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 Susan Berry and seconded by Bob Jacobson. VOTE: The minutes were unanimously approved.

Item 2 – Finance Committee Budget Deliberations

ESCO energy project was discussed. Several points were brought up by members:

- The Capital Improvement Advisory Committee (CIAC) has not weighed in on this project yet but will at 3/12 meeting
- The payback period is ~15 years per Bill Braun, CH Energy and Sustainability Committee
- The project has yet to be reviewed by Sudbury Public Schools (SPS), but will at 2/26 meeting
- Bob Stein commented that Lincoln Sudbury High School (LSRHS) is not involved in the ESCO project. LSRHS may be able to make similar energy enhancements at a lower overall cost if the work is completed as a direct upgrade by LSRHS.
- Bill Braun commented the list of ESCO upgrades would be difficult to complete within the levy and these are upgrades better done as a package versus a series of small projects done over time. The project does not require MA Chapter 149 bidding, it is a special mechanism set up by MA Department of Energy, additional savings: no bid prep
- Chairman Kohen inquired about breaking the list of energy improvements into smaller parts, focusing on the improvements with the largest energy savings first
- Joan Carlton commented the expected energy savings funds the payments to ESCO
- Tammy Dufault commented she liked the ESCO presentation but wondered what the return of such a project was to the town. She commented it was effectively a funding and bidding mechanism for energy enhancements.
- Bob Stein asked if there were guarantees from ESCO regarding the energy savings measures to be taken.

Bill Braun said yes. BS asked if the town were to close a school (Nixon or Hayes) would the town still be required to make the ESCO payments on energy enhancements to the closed building?

Mark Minassian commented that there will be a \$1.2M energy cost savings from the ESCO project. What would the savings be if the town contracted the project directly (not ESCO method)

Chairman Kohen commented the project is a bundling of smaller projects which would not likely get funded individually. Bob Jacobson inquired if the CIAC had prioritized the ECSO improvement list. Joan Carlton though they had. Chairman Kohen suggested members who want more information on this project attend the 3/12 CIAC meeting

DPW Replacement Vehicles discussion:

Town Manager Maureen Valente passed out a handout concerning the vehicles to be replaced. There is a diminishing return to repairing certain vehicles and the replacement strategy was approved by the Strategic Capital Planning Committee for Capital Funding.

Chairman Kohen inquired as to the savings DPW would experience in repair costs. y/e 2013 DPW spent \$235,000 in repairs.

Town budget discussion:

Tammie Dufault commented the proposed use of \$700,000 of free cash should be voted at the ballot, not just Town Meeting, which is what is planned for Town Meeting May 5-7, 2014. Tammie Dufault expressed concern that the situation was getting taken advantage of in terms of the current strategy to use free cash to fund various projects through a town meeting vote versus a town meeting vote followed by a ballot vote. She inquired if this was a shift in fiscal philosophy for the town? She made the point that two years ago the town voted for a new sidewalk plow at the ballot, now a group of similar capital items are being grouped for vote at only the town meeting level?

Chairman Kohen commented the issue the committee is currently giving consideration to should be focused on. Mr. Kohen commented further that he felt the use of free cash to support the operating budget was unwise as it creates budget uncertainty in the following year.

Bill Kneeland noted the law has always been the use of free cash requires a Town Meeting vote while capital exclusions and debt exclusions require both a Town Meeting vote and town wide ballot vote.

Tammie Dufault commented that a significant portion of the elderly population in town choose not to attend town meeting due to it being 3 sessions, each several hours long, all in the evening. She further commented that the Finance Committee and Town should have written policies on the use of free cash. Tammie Dufault asked why the free cash wasn't being rolled into the stabilization fund which would require a 2/3 town meeting vote versus simple majority for spending the free cash? She requested the free cash use discussion be tabled.

Joan Carlton commented the existence of the free cash presents an opportunity for the town to catch up on needed capital upgrades and supported to the idea.

Susan Berry commented it is important for the town to protect its capital base and felt the use of free cash in the budget to make upgrades and repairs makes sense.

Chairman Kohen commented the town would unlikely have the levels of free cash in future budgets that the town has experienced in the last 2 years, particularly now that the savings from the town and SPS changing health care plans and moving to the MA Group Insurance Commission ("GIC") has been realized.

Andrew Sullivan commented over the past 2-3 years there have been savings from healthcare and other areas, those savings (millions) have gone back into the budget. At the same time the budget has grown by

2.5% per year. Why not look at reducing the growth of the budget (something less than 2.5% growth) if even more modest free cash will be available in coming years?

Bob Jacobson commented the Finance Committee rushed through budget guidance for the cost centers in the fall of 2013. However the committee should honor that guidance and not change the guidance to the cost centers at this late date in the budget season.

Town Treasurer Andrea Terkelsen commented that interim financial statements were available to committee members.

Bob Stein raised the issue of a \$50,000 increase in the Sudbury Public Schools utility budget. Was this to fund the one-on-one computer program?

Bob Jacobson inquired if the committee had received the LS E&D numbers?

Chairman Kohen commented that with the growing senior population the town should be making funding available for programs and projects which seniors would benefit from as they are no longer benefiting from having children at SPS or LS.

Chairman Kohen tabled the discussion of the SPS, LS, and town budgets to move to the next topic.

Community Preservation Committee (CPC) funding requests

The Bruce Freeman Rail Trail (BFRT) 25% Design Funds request from Board of Selectman was represented by Selectman Len Simons. Mr. Simon commented he wanted to follow up on his initial presentation for the \$150,000 CPC request. Mr. Simon noted two design studies need to take place as part of the MA Department of Transportation (MA-DOT) process. This request, though called a “25% design study”, is really about 50% of the total design costs. The Friends of the Bruce Freeman Rail Trail have offered a gift of \$58,200 to the town and the town has roughly ~\$50,000 in leftover funds reserved for rail trail development. Thus the total cost of the first design study is ~\$250,000. The total design costs will be roughly \$500,000. This project will require a second request of CPC (or other) funds for an additional \$250,000 to complete the “25% design study” which is 100% of the design study costs when engineering a rail trail project to MA-DOT standards.

Andrew Sullivan had several questions. The Rail Trail Concept Committee estimated the total engineering costs for a MA-DOT standards trail for the BFRT to be \$900,000, the total engineering costs are now \$500,000. What changed? Mr. Sullivan also asked if comparative due diligence had been done between the MA-DOT standards trail and a greenway style trail in terms of costs. Mr. Sullivan stated greenway construction is far less costly and can be completed far sooner.

Item 8 – Public Comments

None

Item 9 – Adjourn

Bill Kneeland made a motion to adjourn. VOTE: It was seconded and approved by a 9 – 0 vote. The meeting adjourned at 10:07 PM