

**Town of Sudbury ~ Finance Committee
Meeting Minutes
Monday, March 17, 2014
Lower Town Hall – 7:30 PM**

The Town of Sudbury's Finance Committee Meeting, held in Lower Town Hall, was called to order at 7:34 p.m. by Chairman Doug Kohen. Present for this meeting were Tammie Dufault, Mark Minassian, Bob Jacobson, Robert Stein, Susan Berry and Andrew Sullivan. Joan Carlton and Bill Kneeland were absent.

Item 1: General business

- Approve meeting minutes for February 3, 2014. The motion was so moved by Tammie Dufault, seconded by Andrew Sullivan.

VOTE: 5 in favor, 2 abstain (Mark Minassian and Bob Stein were not at the February 3 meeting).

- Approve meeting minutes for February 4, 2014. Susan Berry wants to add that the Chair explained his understanding of why the school committee member voted in the fashion that he did. The motion was so moved by Andrew Sullivan and seconded by Mark Minassian.

VOTE: Unanimous.

- Approve meeting minutes for February 6, 2014.
Defer until next meeting.

- Approve meeting minutes for February 10, 2014. The motion was so moved by Mark Minassian and seconded by Susan Berry.

VOTE: Unanimous.

- Approve meeting minutes for February 24, 2014. The motion was so moved by Susan Berry and seconded by Tammie Dufault.

VOTE: Unanimous.

- Approve meeting minutes for February 25, 2014. The motion was so moved by Andrew Sullivan and seconded by Mark Minassian.

VOTE: Unanimous.

- Transfers

There were no transfers.

Item 2: Finance Committee Budget Deliberations and Vote

Article 4: FY15 Budget for \$85,480,959.00.

Discussion: Tammie Dufault presented a PowerPoint presentation, which had not been distributed prior to this meeting to any of the FinCom members or town Employees or anyone else. The presentation included a proposal to revise the operating budget downward and fund fewer capital items than were recommended by the Strategic Financing and Capital Improvement Advisory Committees, and use the resulting free cash as revenue in the operating budget to lower the tax levy.

Ms. Dufault stated that the Finance Committee has continually had significant discussions regarding free cash. Her proposal would be to use free cash towards the operating budget to lower the tax levy, and through the amendment of several articles outside of the Finance Committee's purview of amendment, to fund 74% of the requested capital improvements in various articles currently being proposed to be funded by free cash. Ms. Dufault proposes to reduce the Operating budget in Article 4 by reducing healthcare assumptions for SPS and

the Town based on actual GIC rate increases being lower than originally budgeted (+1% vs. a budget assumption of +5%).

Chairman Kohen responded that the crux of this issue for him is whether or not this committee believes that we should roll free cash into the revenue source. He believes that we do not want to create a dependency on free cash for the following year because that is a source of revenue that needs to be accounted for. He agrees that in the longer term, the cost centers need to make adjustments in their budgeting, but thinks this is the wrong tool to make those adjustments. When the town budgets appropriately, there will be free cash, the budget will cover any contingencies and the committee will not have to return to voters for more money or cut budgets mid-year.

Mark Minassian commented that this looks like a balanced approach. Tammie Dufault reminded everyone again that this is a measured approach and there is significant debt retiring and this plan would not put Sudbury at any risk.

Bob Jacobson is not comfortable using free cash to reduce the levy; he would rather use it to fund OPEB.

Andrew Sullivan asked what the committee's history was regarding using free cash; Bob Jacobson explained that they used free cash as a revenue source until 2006 or 2007. Tammie Dufault commented that was when the economy tanked. In the last 3 years, approximately \$2M has been put into free cash.

Chairman Kohen again stated that he feels strongly against using free cash and is concerned that there will be a large dependency created that we may not be able to plan for in the future. Tammie Dufault commented that we don't always have to fund it with free cash - we have lots of positive budget influences that can offset this, those things are our call and they are guaranteed debt retirement.

Robert Stein asked if we can use free cash to fund LS OPEB. Yes, for our share. He does not have a problem with Tammie's proposal.

Susan Berry added that she appreciates the work that Tammie has done but is concerned with 2 items: Sudbury has to catch up on: its capital replacement and the huge OPEB liability. She would like to take the summer and fall to look at this proposal more closely. She does not philosophically agree to use free cash in this way.

At this point, Chairman Kohen asked for input from members of the community. This started a lively discussion about fiscal responsibility and began with Maureen Valente responding that the snow and ice deficit will play against free cash this year and permits are trending where we expect them to be now and she asks respectfully to point to Susan Berry's comments and take time to study this approach. She wants people to understand that when debt is paid off there is still the proposition 2 ½ levy limit on those dollars. Personally, she feels, Sudbury has always had the tradition of sharing information and it would be difficult at this time to figure out where all the pieces are going in this proposal.

There was a brief discussion regarding permits and local receipts and the fact that the assumptions on these have been increased this year by \$400,000-\$500,000. Maureen wanted to remind people that even though sales of properties may be in the near future with the police station and the Melone property, these funds do not necessarily go into free cash.

Chuck Woodward added that the proceeds from the sale of the police station can be used for capital spending. As he reflected on Ms. Dufault's presentation, he was concerned about funding capital spending at 74% not

100% (100% was considered a catch-up budget) as asked and that recurring expenses should be covered by recurring revenue. His concern is having fiscal responsibility.

Maureen Valente reminded the committee that the Finance Committee's vote would be either for or against the operating budget. All the articles are for expenses. After more debate, Tammie Dufault's proposed usage of free cash towards revenues is modified to \$852,463 because the original numbers in her proposal were found to be incorrect.

Chairman Kohen again reminded the committee that the committee is not going to be hasty for a proposal that they have just seen for the first time. Radha Gargeya, Chairman of the LS School Committee, added that in FY09 to fund the budget and the level of free cash became very low. They have taken disciplined measured to build up free cash. Now to use that as part of an operating budget, he states that we are potentially leaving a hole in the budget. He believes that we should continue the discipline the practice that we have had.

Chairman Kohen conducted a straw poll to understand how each member of the committee feels about the concept of using free cash towards the levy as a source of revenue.

Susan Berry - No

Robert Stein - Yes

Chairman Kohen- No

Andrew Sullivan - Yes

Mark Minassian - Yes

Tammie Dufault - Yes

Bob Jacobson - No

At this point, Susan Berry again states that talking about this at the 11th hour is not appropriate. She understands why the presentation came at the last minute, but would like to take a more thoughtful approach and review the concept over the summer and fall. Chairman Kohen asked the committee to understand that we are creating an approximate \$800,000 hole in next year's budget. He also adds that this is very unprofessional for us to trump the CIAC prioritizations on these recommendations.

Andrea Terkelsen asks the Chair to move onto the remaining articles and have those votes for the warrant and the entire idea of free cash can be discussed later in the evening. Chairman Kohen asks for clarification on the concept of moving extra money from the GIC savings from this article to the CAPEX. That is the only thing that relates to article 4 correct? Yes.

Motion: To reduce the SPS employee benefit and insurance line of the SPS budget by \$128,711.

The motion was so moved by Mark Minassian and seconded by Tammie Dufault.

VOTE: 4-3 (against: Chairman Kohen, Robert Jacobson & Susan Berry)

Motion: To - reduce town employee insurance by \$39,790. The motion was so moved by Mark Minassian and seconded by Tammie Dufault.

VOTE: 4-3 (against: Chairman Kohen, Robert Jacobson & Susan Berry)

Chairman Kohen asked if there were any other changes that people would like to propose to this operating budget. No.

Motion: To approve the FY15 operating budget with the 2 changes intact.

No movement at this time.

Tammie Dufault would like to delay the vote until we get through the articles. Andrea Terkelsen explained that

many things can change at Town Meeting; revenues may go up or down. The Finance Committee has important decisions to make at that point. The articles themselves are just expenditures. You can explain your positions in your opening statements or your report for Town Meeting. Tammie Dufault asked if the Finance Committee opines on these articles. Ms. Terkelsen answered that you do in your reports or on Town Meeting floor. Citizens may vote these expenditures without coming from free cash.

The committee had another lengthy, lively debate with input from many citizens about how to maneuver **the** budget numbers for how to reduce the budget by certain numbers of expenditures or approve the expenditures with the 2 adjustments and take it to the floor of Town Meeting. Larry O'Brien said that many, many voters come to Town Meeting and use our data as a vote of confidence and take faith in the town's official and committees to help them vote. We have an obligation to the voters to be as transparent as we can and give advice in good faith.

Robert Jacobson would like to vote on Article 4 as amended, then we can have a discussion either later tonight or at Town Meeting to vote their to vote themselves

Motion to approve the amended budget, original minus the \$128,711 removed from the SPS employee benefit and insurance line and the \$39,790 removed from the town employee insurance line item by a vote earlier in the evening was moved by Susan Berry and seconded by Bob Jacobson.

Vote: 7-0, Unanimous.

Article 5: Motion to approve the FY15 Transfer Enterprise budget for \$328,441.

Motion so moved by Andrew Sullivan and seconded by Bob Jacobson.

Vote: 7-0, Unanimous.

Article 6: Motion to approve the Pool enterprise budget for \$547,891.

No discussion.

Motion so moved by Susan Berry and seconded by Mark Minassian.

Vote: 7-0, Unanimous.

Article 7: Motion to approve the Recreation Field Maintenance budget for \$242,007.

No discussion.

Motion so moved by Tammie Dufault, seconded by Mark Minassian.

Vote: 7-0, Unanimous.

Article 13: Motion to approve the Capital Budget for \$296,000.

No discussion.

Motion so moved by Tammie Dufault, seconded by Andrew Sullivan.

Vote: 7-0, Unanimous.

Article 14: Motion to approve the amount Construction for police headquarters for \$7,173,000.

No discussion.

Motion so moved by Mark Minassian, seconded by Andrew Sullivan.

Vote: 7-0, Unanimous.

Article 15: Motion to purchase an Ambulance and Fire Truck, Capital Exclusion FY15, for \$685,000.

No discussion.

Motion so moved by Tammie Dufault, seconded by Susan Berry.

Vote: 7-0, Unanimous.

Articles 16, 17, 18, 19 & 20:

Discussion: Chairman Kohen would like to hear from the Capital Improvement Advisory Committee as to what they would do if they had less funding, how they would prioritize. Jim Kelly would look at the funding mechanism. Bob Jacobson restates that if they had a certain numbers of dollars less, how they would vote. Bob Jacobson suggests to report at Town Meeting. It gives you the chance to speak again to the CIAC.

The committee wonders: Do we take a vote to take a vote? Susan Berry noted that there are several people on FinCom who are not comfortable in taking a vote without talking to those bodies who made the article

Robert Stein makes a motion as to whether or not we vote on articles 16-20. Mark Minassian seconds.
Vote: 4-3 (against: Chairman Kohen, Robert Jacobson & Susan Berry)

Chairman Kohen wants to make it known that the message in the article will be that this vote is being made without the guidance of the CIAC.

Susan Berry comments that she does not feel that it is right that the FinCom has 4 members saying that the others cannot have more time to get the information they need to support the vote. The confusion is that we would be voting on these articles tonight whether or not Tammie's presentation was delivered. What is the rush? The argument amongst the committee members is that each person needs to have their own information to make an informed decision. The other reason for voting tonight is that there has to be something written in the warrant to say where the Finance Committee stands on this article.

Article 16: Motion to approve \$558,300 for DPW rolling stock replacement.
After much heated and unproductive discussion, there is a motion to table article 16.
3 committee members wish to table this vote temporarily. So moved.

Article 17: Motion to approve \$620,000 for technology infrastructure improvements at LS.
No discussion.
Motion so moved by Bob Jacobson, seconded by Mark Minassian.
VOTE: 6-0-1 Chairman Kohen abstains and states that this is a ludicrous process to vote on these articles in a vacuum.

Article 18: Motion to approve Loring phone system
No discussion.
Motion so moved by Mark Minassian, seconded by Andrew Sullivan.
VOTE: 6-0-1(Chairman Kohen abstains)

Article 19: Motion to approve \$330,000 for school driveways, parking lots, and sidewalks improvements.

Discussion: Tammie would like to get the opinion of Jim Kelly, it would be awful, and someone is going to get hurt. Tammie has a problem that we have not taken care of this in the operating budget. Jim says that we cannot delay. Contractors will not do the repairs because they will not last. This article will take a more significant approach. This is not a band-aid approach. This facility has a question mark over it anyway. Jim says that we do not want any assets that we have we do not want to let fall into disrepair.

Bob Stein has no problem with a leaky roof to maintain the parking lot, as we do not know what the future has for that building. A new owner may fix the parking lot, but they may not purchase with a hole in the roof.
Superintendent Wilson: We have several hundred parents, students, faculty coming into the building on a daily basis. It is a safety issue. We have had experts looked at this and it is now a safety issue.
Motion so moved by Robert Jacobson, seconded by Susan Berry.
Vote: 2-4-1(Chairman Kohen abstains, Robert Stein, Mark Minassian, Andrew Sullivan and Tammie Dufault vote against)

Article 20: Motion to approve \$70,000 or Curtis Middle School, purchase of technology devices.
Discussion: Bob Stein asks is this year 2, for 7th graders? Superintendent Wilson answers this is a one-time request to help offset the capital investment. Mr. Stein then asks if staff training included in this expense. No, that is in the operating budget. Tammie Dufault asks if you are adding a head count for the 1:1 or will the profile of the new hire have technology knowledge, yes the profile for the new hire will include technology.
Motion so moved by Mark Minassian, seconded by Andrew Sullivan.
VOTE: 6-0-1(Chairman Kohen abstains)

Tammie Dufault asked about articles 21 & 23, Chairman Kohen responded that they are funded through

different mechanisms.

Article 23: Nixon School – Partial Roof, Window and Door Replacements

Discussion: Tammie Dufault asks, do we expect the MSBA to move forward this year? Dr. Wilson stated that we have only submitted the statement of interest to the MSBA and it looks as though Sudbury will be on MSBA's agenda for March. The article is, if we are accepted into the program, would the Finance Committee support it. Tammie Dufault asks, if we are accepted do we only have a short period of time to get voter support? Dr. Wilson replied yes. Robert Stein questions, this is for the roof, if the state doesn't give us a 25-30% kick-back then what? Dr. Wilson replied the article only covers the SOI to the MSBA. If the MSBA does not accept us into the program, then we consult and decide to bring something next year for repairs and improvement to Nixon. Robert Stein asked for clarification, so if you do not get accepted into the program, you will not be asking for the full amount for this year? Dr. Wilson replied the article is only to ask for support if we get accepted into the program. Chairman Kohen notes that \$385,000 funded from Sudbury and \$175,000 from various grants. Chairman Kohen asks when we will we know if we have been accepted? Will it be by Town Meeting? Dr. Wilson does not know. Chairman Kohen suggests waiting to vote at Town Meeting.

Motion so moved by Tammie Dufault, seconded by Mark Minassian.

Vote: 7-0. Unanimous.

Article 21: Fairbank Community Center Roof Project.

Discussion: Chairman Kohen noted that there is no dollar attached and made a motion to report at Town Meeting. Motion so moved by Tammie, seconded by Mark Minassian. Unanimous.

Return to Article 16.

Discussion: Tammie would like to keep moving forward, but chairman Kohen would like to go back and close it out.

Motion: To approve \$558,300 for DPW rolling stock replacement. Motion so moved by Bob Jacobson, seconded by Susan Berry.

Vote: 2-4-1 (Chairman Kohen abstains, Robert Stein, Mark Minassian, Andrew Sullivan and Tammie Dufault vote against)

Article 22: Energy Services Company Energy Improvement Program for \$1.1M

Discussion: Jim Kelly reported that the CIAC supports the prioritization of the project. Chairman Kohen asks is there a line item on the town's operating budget. Jim Kelly thinks that it would be best to create a line item and that would be the way to specifically pay the debt.

Tammie Dufault asks if there are energy funds generated from this project, will they be moved over into the energy stabilization fund. Maureen Valente replied each year the town will be asked to place funds into that fund, it is a restricted fund.

Chairman Kohen asks for a motion to vote on the approval to approve \$1.1M for article 22. 1st, Bob Jacobson. No vote. Tammie Dufault is concern that the funding mechanism may not be as attractive since there is a 20% profit margin for the contractor; the philosophy is wonderful, but she does not know about the mechanism.

Chuck Woodward says that the alternative is to have the town employees do these projects one at a time, and they would have to be self-funding. Sudbury doesn't have the staff to support all these projects. Bob Stein asked why isn't LS participating in this effort they were able on their own to work with NStar to get rebates. What if electricity consumption drops, what happens at this point? Bill Braun answered a decrease in the consumption or price of electricity would only benefit Sudbury.

The Energy committee has deliberated and thinks this is a positive way to get these projects completed. But as Tammie Dufault says, it is not the only way to get these things done. The energy committee says that this is a good thing and it is one way to get this done, if we do not get it done this way, it will come out against the levy. Robert Jacobson states where this doesn't work is if you undertake a project to save energy and you basically abandon the project then you have spent the money and there is no opportunity to get the reduction. There are improvements in Nixon and Noyes, but nothing in town hall or Fairbanks.

Motion so moved by Robert Stein, seconded by Susan Berry.

Vote: 6-1 (Tammie Dufault votes against*)

*Note: Tammie Dufault wanted to change her vote in favor of the article after the vote had been tallied.

Chairman Kohen moves the meeting on to the CPC articles:

Articles 24 DPW Rolling Stock Stabilization Fund & 25 Energy Saving Programs Stabilization Fund

Tammie Dufault so moved to delay opinion until Town Meeting. Mark Minassian 2nd.

Vote: Unanimous.

Article 29 Community Preservation Fund - Town-wide Walkways -

No discussion.

Motion so moved by Tammie Dufault, seconded by Mark Minassian.

Vote: Unanimous.

Article 30 - Community Preservation Fund - Sudbury Housing Trust Allocation. 10% allocation for \$100,000

Motion to approve \$100,000 so moved by Tammie Dufault, seconded by Mark Minassian.

Vote: 7-0, Unanimous.

Article 31 - Community Preservation Fund - Historic Projects. \$162,500 majority for restoring gravestones and some for war memorials.

No discussion.

Motion to approve \$162,500 for Historic Projects so moved by Mark Minassian, seconded by Bob Jacobson.

Vote: 6-1 (Andrew Sullivan voted against).

Article 32 - Community Preservation Fund - Bruce Freeman Rail Trail Design

Discussion:

Larry O'Brien stated that this is design and engineering together and you still have to have wetland proposal/permits, crossing roadways and engineering for 2 streams that need to be crossed. Chairman Kohen reassures him that the committee has discussed this extensively.

Motion so moved by Mark Minassian, seconded by Susan Berry.

Vote: 2-5 (Chairman Kohen, Robert Stein, Mark Minassian, Andrew Sullivan and Tammie Dufault vote against)

Article 33 Community Preservation Fund - Melone Property Engineering \$150,000

Discussion: Larry O'Brien stated that this funding will give us the viability of the site. We are paying for a public process to get public input and the next level of engineering, water & wastewater. Chuck Woodward says that objective is to address the 40B units and prepare an RFP. Tammie Dufault remembers a study that had been done by a student group. Larry talks about the leveling of this land would get this land to its useful stage.

This money would give us a more specific look as to whether it should be townhouses or apartments and perk test. Robert Stein asks: are all 5 selectmen on board that this will not affect the town as far as educational costs. Larry informs that under federal law, you are not allowed to exclude children in a 55+ community. Again Robert asks, are all 5 on board as budget positive? Larry says that certainly our objective is to make it budget positive.

Motion to approve \$150,000 for Melone project engineering.

Motion so moved by Bob Jacobson, seconded by Tammie Dufault.

Vote: 7-0, unanimous.

Article 34 Community Preservation Fund - SHA Preservation Project

Discussion: Tammie Dufault, her notes indicated that this facility was self-sustaining. By supporting this, are we taking on further maintenance? Larry explained that this is for extraordinary repairs. Water has seeped through and created a mildew problem and needs to be fixed. This is a one-time cost. This is not year to year maintenance. Robert Stein is concerned, is this enough to cover a massive mold problem? Mold remediation could be massive. Chairman Kohen believes that this will cover the mold problem.

Motion to approve \$200,000 for SHA Preservation Project - bathroom repairs.

Motion so moved by Mark Minassian, seconded by Tammie Dufault.

Vote: 7-0, unanimous

Chairman Kohen explains that the only other articles that will come before the Finance Committee or have Finance Committee impact are 45 & 47. The petitioner has not had the opportunity to come before them.

Chairman Kohen recommends tabling until they come before us. Motion to table those articles.

Motion so moved by Tammie Dufault, seconded by Mark Minassian.

Vote: 7-0, Unanimous.

Item 3: Review FinCom Calendar Leading up to Town Meeting

Chairman Kohen put forth a schedule of the next Finance Committee meeting on Monday, 4/28/14 due to school vacation and a tentative meeting, if needed on 5/1/14 followed by 5/5/14 @ 6:00PM at the high school.

Item 4: Public Comments

None.

Adjourn

At 11:31 PM, Bob Jacobson made a motion to adjourn. The motion was seconded by Mark Minassian and approved by a 7 to 0 vote.