

**Town of Sudbury
Finance Committee
Minutes of Meeting
Monday, October 20, 2014**

The Town of Sudbury's Finance Committee (FinCom) Meeting was held at the Flynn Building and was called to order at 7:30 PM by Chairman Susan Berry.

FinCom Attendance

- Present: Jeff Barker, Susan Berry, Joan Carlton, Adrian Davies, Fred Floru, Jose Garcia-Meitin, William Kneeland
- Absent: Mark Minassian and Andrew Sullivan

Others Attending:

- Sudbury Public Schools: Anne Wilson, Mary Will, Lucie St. George, Scott Nassa, Ellen Joachim
- Town of Sudbury: Maureen Valente, Andrea Terkelsen, Jim Kelly
- Permanent Building Committee: Mike Melnick
- Board of Selectmen: Chuck Woodard

1: General Business

- **Minutes approval:** The motion to approve the 10/6/2014 minutes passed unanimously.
- **Transfers and other business**
 - No transfers
 - Other business – all members confirmed receipt of notice from Pat Brown regarding the Sudbury Town Forum at 7:30 on October 23, 2014

2. Free Cash Report

In response to a prior meeting request for details on unspent money in the FY 2014 budget, Maureen Valente presented a two page summary report to the group. It identifies six town department planned budget amounts (total \$29M), the amount returned to free cash (\$636K) and includes explanations.

Roughly 2/3 of the \$636K is tied to position vacancies. Unexpected position vacancies results in less salary expense and a reduction in the expenses associated with the position. Mary Will and Anne Wilson described sources of unspent SPS funding, including, for example, position vacancies and unspent funding for professional development.

1/3 of the returned funding – about \$220K - comes from reductions in unemployment claims, employee benefits and lower "snow and ice" spending. These are identified in the 'Unclassified' section of the hand out.

Insurance: To reduce financial risk, The Town of Sudbury self-insures on certain line items and participates in a Massachusetts insurance cooperative for other line items, such as deductibles.

Take-away points

- Unless a position is knowingly being eliminated, Maureen plans for every position to be filled all year long. Anne Wilson takes an identical approach to SPS staffing.
- When an unexpected vacancy occurs, there is a dual focus on filling the gap while maintaining spending levels.
- Returned money from position vacancies should be interpreted as effective contingency management versus an indication of over-budgeting.

3. FY15 Budget Planning

Prior to continuing the discussion on FY16 budget planning, Susan Berry stated that she recently requested and received a formal determination from the Town Moderator that she is able to participate in the discussion and vote on the Budget Guidance Letter and on the discussion and vote on the FinCom recommended budget. The determination was requested to confirm her understanding at the time of her appointment to the FinCom that there was no conflict in terms of her serving on the FinCom and having two adult children who are teachers at LS.

Vote on Annual Letter to Cost Centers

The draft of the guidance letter was reviewed. The key points of the review were

- Confirming that the suggested budget increase range from 1.75% and 2.6% from the October 6th meeting would be the range for consideration of the committee's request for 2 budgets from the cost centers
- The option for the cost centers to provide a level service budget (a third budget)

The discussion included

- the impact on budget quality when multiple budgets are required (complexity and workload),
- the notion of instructing the cost centers to set operational goals – such as level of service and service expansion - then developing budgets to meet these goals,
- a history of budget guidance; two budgets are more than FinCom has requested in previous years.

Additionally, a recommendation was made to include a statement that gives FinCom the right to adjust its guidance once the budgets are in. Since we don't know the current pressures on the cost centers, the ability to adjust guidance could be useful.

Susan suggested we think of the three budget requests along these lines

- a % increase budget that would slow the growth of the operating budget
- a % budget increase that more closely reflects the increases of the past three years.
- A level service option

Since this is a labor negotiation year, salaries (salary increases) can be a major variable. If the guidance letter refers to specific guidance figures, then the cost centers can work to meet that number. Andrea will convert the guidance percentages into dollar amounts. Budgeting and contract negotiations are two moving targets.

The FinCom members agreed that “level service” is understood to mean relative to services delivered in FY15. It’s possible that for some cost centers, level service could exceed the guidance figure, while other cost centers could come in below the guidance figures.

Motions

- Susan asked for a motion for guidance figures. Joan Carlton moved that the FinCom request budgets from the cost cents with a 2.0% increase from FY15 and a 2.5% increase. The motion was seconded by Bill Kneeland and approved 5 in favor (Joan Carlton, Susan Berry, Jeff Barker, Adrian Davies, and Bill Kneeland), Jose Garcia-Meitin opposed, and Fred Floru abstaining.
- Bill made a motion to update the Budget Guidance letter to replace the TBDs with 2.0% and 2.5% and accept the letter as amended. Joan seconded the motion. The motion was approved with 5 in favor (Joan Carlton, Susan Berry, Jeff Barker, Adrian Davies, and Bill Kneeland) 1 opposed (Jose Garcia-Meitin) and one abstention (Fred Folru).
- Joan moved that language be inserted in the letter that reserved the FinCom’s right to adjust the guidance once the budgets are reviewed. It was seconded by Jose and approved with 6 in favor (Joan Carlton, Susan Berry, Fred Floru, Adrian Davies, Jose Garcia-Meitin and Bill Kneeland) and 1 abstention (Jeff Barker).

4. Free Cash Use Policy Discussion Continued The Chair asked if members had any questions about the information sent about how other towns are using Free Cash. There were none. Susan Berry outlined what she suggests for next steps for the FinCom to approve a Free Cash Policy to propose to the Board of Selectmen. The next step will be a discussion by the FinCom of the areas that the policy should cover.

5. Public Comments Mike Melnick (Permanent Building Committee) advised that the PBC is seeking approval at the 10/28 Board of Selectmen meeting for a special town meeting. The target town meeting date is 12/3. The desired outcome is approval to fund an MSBA project to replace windows, doors, and a partial roof replacement at the Nixon elementary school. If approved, the work will be done in the summer, 2015. The windows have a 12- 16 week lead time. Rough cost estimate is \$1,056,000. The driver for a December town meeting is to be able to fund within 60 days of project approval.

6. Adjourn – Susan ask for a motion to adjourn. Fred made the motion; it was seconded by Bill Kneeland, and passed unanimously.