

**Town of Sudbury
Finance Committee
Minutes of Meeting
Monday, July 13, 2015**

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

FinCom Attendance

- Present: Jeff Atwater, Jeff Barker, Susan Berry, Joan Carlton, Adrian Davies, Fred Floru, Jose Garcia-Meitin. Mark Minassian.
- Bryan Semple arrived at 8:00.

Documents: 5/4/15 Minutes, Transfers (15-32, 15-34, 15-35), FY17 Finance Committee Liaison Assignments, Finance Committee Rules and Operating Procedures, Finance Committee Feedback, Free Cash Policy Draft, CIAC Feedback on Free Cash Policy Draft, LSRHS Feedback on Free Cash Policy Draft

Item 1: General Business

Minutes approval:

A motion to approve the minutes of the 5/4/15 FinCom meeting was made by Adrian Davies and seconded by Joan Carlton. The vote was 7 in favor, 0 opposed, 1 abstention.

Transfers and other business:

Transfers:

A motion to approve the transfer of \$23,950.16 from the Reserve Fund to account number 600257/522100, Pool Expense, was made by Joan Carlton and seconded by Jeff Atwater. The motion was approved by a vote of 8 - 0.

A motion to approve the transfer of \$12,413.56 from account number 0144201/511100, Highway Salaries to account number 0144502/522310, P&G Maintenance, was made by Joan Carlton and seconded by Fred Floru. The motion was approved by a vote of 8 - 0.

A motion to approve the transfer of \$12,540.60 from the Reserve Fund to account number 600357/522100, Field Maintenance General Expense, was made by Jeff Barker and seconded by Fred Floru. The motion was approved by a vote of 8 - 0.

Other Business:

Maryanne Bilodeau announced that Andrew Vanni will begin as the Sudbury Finance Director on Wednesday, July 15, 2015.

Liaison Assignments:

Susan Berry requested that FinCom review the list of Liaison assignments and let her know if anyone will not be able to serve in that capacity.

Item 2: Review Finance Committee Operating Procedures;

The FinCom Rules and Operating Procedures were reviewed.

A motion to agree with the Code of Conduct, page 7 of the FinCom Rules and Operating Procedures, was made by Fred Floru, Adrian Davies seconded the motion. The motion was approved by a vote of 8 – 0.

Item 3: Finance Committee Feedback on FY 2015.

Joan Carlton submitted an FY'2015 Feedback document to FinCom.

There was discussion around the feedback which was given by FinCom members as it relates to the prior year budget process.

One comment which came up a few times was that we not have enough information on the budget pressures the cost centers were facing when we set up the initial growth guideline.

Mark Minassian did not agree with the feedback on the Free Cash Policy, that the FinCom downplayed its priority when the budget didn't balance. Mark felt that FinCom did follow the Free Cash policy draft guidelines.

There was some discussion on how the FinCom can obtain more timely information on the factors affecting the cost center's budgets. This was suggested as an action item. Susan Berry said that this will be discussed in item 4 of the agenda, the Budget Strategies Task Force Update.

Mark Minassian suggested that we change some of the questions which are asked in the cost center letter. He thought that some of the questions were not relevant or helpful to the process. Joan suggested that we address changing these questions at a FinCom meeting.

One of the feedback comments suggested that FinCom make changes to the FinCom spreadsheet. She asked if FinCom members found the spreadsheet useful. Susan Berry suggested for the cost centers to talk to the numbers more. Joan Carlton suggested creating new fields in the FinCom spreadsheet. That perhaps the budget items could be broken out by COLA, steps and lanes and non COLA components. She thought that any new fields requested would only need to be filled out going forward, that the history would not need to be populated. Bryan Semple thought that the Town would like to see salaries broken out between costs driven by headcount and those driven by contractual changes.

Susan Berry offered that the Task Force is looking at a different way for tracking the Out of District expense separate from the school's budget. One issue is that LSRHS incorporates its transportation costs into the total out of district costs. Mark Minassian said that LSRHS is very protective of the OOD placement costs and number of students.

Bryan Semple suggested that the cost centers should report the FTE by whether the employees are benefits eligible or not.

Joan Carlton and Susan Berry suggested that changes to the FinCom spreadsheet be placed on the agenda at the September meeting.

Fred Floru spoke to the need of keeping the debt component of the operating budget separate from the general operating budget.

Joan Carlton asked for comments on one of the points made (2nd last page 3), that the Budget Strategies Task Force is usurping some of FinCom's responsibilities. Susan Berry did not see the liaison's responsibilities as redundant. Susan Berry thought that the purpose of the task force was more of a way to coordinate budgets earlier in the budget process, that there will still be a need to delve deeper into the cost center budgets. She said that initially there appeared to a bit of wiggle room in last year's budget and that this quickly changed. She sees the Budget Strategies Task Force as a way to get this information out sooner.

Joan Carlton thought that the big take-aways from this discussion was that FinCom should conduct earlier meetings, the role of the worksheets, and how we integrate what is learned from the Budget Strategies Task Force.

Item 4: Budget Strategies Task Force Update

Susan Berry provided feedback on the first meeting of the Budget Strategies Task Force, which met on July 6, 2015. One of the main points for FinCom is that it needs to meet earlier with liaison assignments so that we have more information as we formulate the guidance letter. These initial meetings should take place in early October. She also said that FinCom will need to discuss the questions which should be posed within the guidance letter. She asked if there was any additional data from the cost centers that FinCom would find useful.

Joan Carlton noted from her observations at the first task force meeting that FinCom should not get too hung up on the data. She said that the Task Force should be trying to determine trends as opposed to attempt to create budgets.

Bryan Semple asked if the task force was trying to adjust allocations or something else. He thought that the only thing that can be validated is the level services from one year to another. He said that we do not allow the Town the opportunity to vote on each cost center's individual budget.

Susan Berry said that historically we have offered a certain allocation of funds to each cost center that this allocation could result in a certain rate of increase. Bryan Semple thought that this would guarantee an increase of 2.5% each year. Bryan said that this also denies the cost centers the opportunity to do something big. Susan Berry said that if we want to do this a different way that we need to come up with a new process.

Mark Minassian said that no cost center will ever request less funding. He recalled that at Town Meeting the budget was approved without a single question. Bryan Semple said that he looked at one budget and the supplies line item budgets were all set to increase by 2.5%. He offered this as an example of how the budgets are predestined to increase by 2.5% year over year.

Fred Floru offered that we need to rise above the fine details. We need to let the cost centers figure out for themselves how to spend within the budget guidelines set. He suggested that FinCom not get bogged down in too fine of matters.

Joan Carlton asked what was meant by the term "level service."

Susan Berry, as an action item, said we need to define what level service means.

Jeff Atwater thought that if we ask the schools to break out the prior year budget and add to that the Steps and Lanes and any incremental service. He said that this would help clarify the real expense for level service.

Mark Minassian thought that the Special Ed. and Out of District costs need to be broken out and then we can talk meaningfully about allocations. Mark thought that by separating them the costs centers would be able to manage their costs better.

Joan Carlton asked if FinCom are the ones to judge how these OOD expenses are spent. She mentioned how SPS has moved some of these services in house as a way to manage their budgets. Fred Floru said that he asked this of LSRHS and they said that the SPS approach was not cost effective for LSRHS. Bryan Semple said the biggest issue driving the Out of District costs involves the transfer of students from SPS to LSRHS.

Jose Garcia-Meitin commented on how FinCom should be careful not to tell the schools how to spend their budget. That FinCom needs to take a more general view. He referenced Fred Floru's comments on how we should let the cost centers determine for themselves how to best allocate their budget.

Susan Berry said that FinCom needs to try to come up with a way to track the Out of District expenses as they track through SPS on to LSRHS. She also said that FinCom doesn't tell the schools how to spend their allocated dollars; that FinCom makes judgements on whether the budgets need to increase.

Mark Minassian commented that FinCom can make judgments to determine each cost center's budget level. Bryan Semple commented that if LSRHS needs to spend \$100,000 on Out of District expense, when SPS spends \$50,000, then FinCom cannot judge. However, if 50 students were migrating to LSRHS then FinCom can judge that SPS should decrease its budget.

Susan Berry closed the discussion by stating that the Town might be looking at a new way to do the guidance because not all towns do this the way that Sudbury does.

Item 5: Free Cash Policy Feedback Discussion

Susan Berry asked if there were items in the Free Cash draft policy that we might want to change.

Mark Minassian commented that he did not agree with the LSRHS feedback on how Free Cash should be used to supplement the difference between the estimated reimbursements from the State and what LSRHS actually receives. Fred Floru also stated that he did not agree with this comment.

Susan Berry commented on the Capital Improvement Advisory Committee feedback on clarifying who it is that should make recommendations on the use of Free Cash. This is a topic which needs to be reviewed with the Board of Selectmen.

Adrian Davies thought that various entities should be allowed to propose the use of Free Cash as a funding source. He said that although it is somewhat disorganized he thought it was acceptable to let a number of groups propose this and that FinCom always had a mental accounting of the use of Free Cash.

Bryan Semple does not agree with using Free Cash to fund capital, that this bypasses the Town going to the poll to make this decision. Bryan asked if Free Cash could be used for debt reduction. Susan Berry mentioned that there is still a question pending with the Town on this point. Susan Berry said she would follow up on this question.

Item 6: Public Comment

John Baranowsky, of Belcher Drive spoke.

John thought the Budget Strategies Task Force was a good idea. He spoke to level service and how it can be confused with level funding. He thought that FinCom should define level service and not let the schools define this.

John also warned that if the SPS and LSRHS class size guidelines should change that it would throw everything off. He suggested that Fred Floru and Susan Berry discuss this when they speak with these cost centers as liaisons.

John then spoke of what he heard at Maureen Valente's send-off event. He said that John Brackett told a story of when he was a superintendent in Michigan and how John Brackett called the shots. But when he came to Sudbury he learned that Maureen called the shots. John said that FinCom should seek to answer question of who calls the shots.

Susan Iuliano of Jason Drive spoke. She said that the problem Sudbury is experiencing, the allocation of budgets given the obscurity of Out of District expense, does not exist in any other town. She said that this is because we have fractured governance of our school systems. Susan said that even Concord Carlisle has an integrated system which brings an educational component of decision making when it comes to these sort of questions. She recommended that FinCom create one general fund for Out of District costs as Mark Minassian had suggested. She is glad that we are beginning to have a serious discussion about this.

5. Adjourn –

Susan Berry asked for a motion to adjourn. Jeff Barker made the motion; it was seconded by Fred Floru, and passed unanimously. The meeting adjourned at 9:41 PM.