

**TOWN OF SUDBURY
FINANCE COMMITTEE
MEETING MINUTES
September 14, 2015**

ATTENDENCE

Finance Committee Members Present: Susan Berry, Chair, Fred Floru, Vice Chair, Jeff Atwater, Jeff Barker, Adrian Davies, Jose Garcia-Meitin, Bryan Semple

Also Present:

Andrew Vanni, Finance Director/Treasurer Collector and Susan Iuliano, Selectman

Absent: Joan Carlton, Mark Minassian

CONVENE:

Call To Order at 7:30 p.m., by Chairman, Susan Berry
Flynn Building, 278 Old Sudbury Road, Sudbury, MA 01776

ITEM 1: GENERAL BUSINESS

Approve Minutes:

Upon motion duly made and seconded, the minutes of the Finance Committee meeting of June 15, 2015 and July 13, 2015 were approved as submitted. The motion carried. Unanimous vote.

Transfers:

There are no transfers.

Other Business:

Chairman Berry stated that the Board of Selectmen have identified a candidate for Town Manager and will enter into contract negotiations.

Chairman Berry reminded committee members of the upcoming Minuteman informational meetings on the building project proposal taking place on September 21st and 28th, and October 2nd. Mr. Semple would attend an information session. A brief discussion followed on why the Finance Committee has not taken a position on withdrawal from Minuteman. Chairman Berry noted Mr. Semple would contact members of the Vocational Educational Options Committee for additional background information on the Minuteman Regional Agreement. A general discussion followed on some of the issues, which included the amount of money a new building would cost the town of Sudbury and the size of the facility for Minuteman. Chairman Berry suggested this item be

brought back for the committee's consideration at a subsequent meeting.

ITEM 2: COMMITTEE MEMBER LIAISON REPORTS

Fairbanks Community Center Study Task Force

Mr. Semple presented an update on the Fairbanks Community Center Study Task Force meetings. Mr. Semple stated he is looking for guidance from the committee to make sure he is doing what the Finance Committee wants him to do. Mr. Semple outlined the cost areas for a new Fairbanks Community Center, which includes capital outlay and operational expenses/recovery cost. He explained that recovery cost could run between 60% and up to 90%. Mr. Semple also explained if the Community Center is designed incorrectly for the surrounding market the recovery cost could be impacted significantly. Mr. Semple explained what would minimize operating cost. The main drivers that drive up operating cost are pools, gymnasiums and programming. A Design Study was completed in March. Three Options were identified. The recovery cost were the same for all three options, each option just added more space. Next steps include getting more money to go back to BHA Consulting Firm, LLC, to hone in on a couple of options that make sense and try to build up capital intensive options with an eye towards improving recovery cost. FinCom can vote to agree with the finances in terms of whether the town should fund the capital cost. Next steps also include more money to develop a financial model that would hone in on the right balance of capital and expense recovery. A general discussion followed.

Chairman Berry allowed public comment and recognized Mr. Tim Atkins, French Road. Mr. Atkins stated that it sounds like the new Fairbanks Community Center could obtain a 60% recovery rate from expenses based on the preliminary design. He suggested a scenario of a 100% recovery rate, passing cost to the user base by running the Fairbanks Community Center as a business.

Budget Strategies Task Force

Chairman Berry gave an update on the Budget Strategies Task Force meeting. She stated that the group developed a set of questions to ask other towns that have regional high schools and separate K-8 systems to see how they determine budget allocations. Chairman Berry is expecting a report on this from the group at their next meeting.

Chairman Berry outlined suggestions from the Task Force on questions for the Budget Guidance Letter. One of the suggestions was that the Finance Committee request information on the actuals versus appropriated out-of-district cost on a regular basis, and a request for information from the cost centers on

new initiatives. Chairman Berry stated a discussion took place on alternatives to the guidance of an equal percentage across the board increase. The Task Force proposed to start with the current year budget. The cost centers (the schools) would add in an estimated special education out-of-district tuition and transportation cost and reduce that by the estimated reimbursements. The cost centers would add in a COLA to their proposed budgets. There was discussion on level service.

A general discussion followed on the definition of level services, out-of-district cost and special education transportation cost.

Other Business

No other reports.

ITEM 3: FY17 BUDGET PLANNING

Review FinCom worksheet and possible changes

Chairman Berry led the discussion on this item by looking at the Fincom worksheet and possible changes. Chairman Berry shared with the committee suggestions from Finance Committee member, Joan Carlton who is unable to attend tonight's meeting. Chairman Berry stated one of the suggestions from Ms. Carlton was that in deliberating the current fiscal year, the Finance Committee worksheet should have two columns: one column for prior year appropriated items and one column for prior fiscal year actuals. Another suggestion was that the number of FTE's be provided for each line under the 'Salaries and Other Cash Compensations' category for FY16 and FY17. Discussion followed. An additional suggestion was in the area of out-of-district cost for FY17; to show the actual cost for the number of out-of-district placements and the amount estimated for additional out-of-district placements that could occur. A discussion followed on getting data from the cost centers that clearly explains changes in funding request.

Review FY16 Budget Guidance Letter

Chairman Berry led the discussion on this item. Chairman Berry stated she would like to assemble questions to have answered during the preliminary budget discussion meetings. The committee discussed the idea of obtaining a list of all grants totaling \$50K or more from the cost centers as well as information on what the grants are being used for and the impact on programming if funding ends and what would the loss of that funding mean to the town. This would be helpful for long term planning. An additional question would include having the details on new cost/events that were not anticipated but are impacting the FY16 budget and its potential impact to the FY17 budget. It would be helpful to have information on actual student enrollment versus

budgeted enrollment prior to the preliminary budget discussion meetings as well as information on anticipated new initiatives for FY17, what those expected cost are and the revenue source. Also good to have would be any update on FY16 pressures, and pressures anticipated for FY17. The changes in out-of-district tuition and transportation cost and the actual number of students versus budgeted.

Chairman Berry will send out the questions to the cost centers. Interviews with the cost center should be completed by October 9. The plan is to have two sets of interviews, a preliminary and an additional interview once new data is available.

Chairman Berry stated we are going to have to decide if we are going to continue with what we've done in the past, to have cost centers give us a budget that is across the board and by the next meeting we should have the first cut at the revenue. This will begin to give us a sense of what the increase will be and what the cost centers will have to work with, which is a no override budget.

Other Business

No other reports.

ITEM 4: FREE CASH POLICY DRAFT FEEDBACK AND POSSIBLE VOTE

Chairman Berry suggested that the committee postpone this discussion and vote pending feedback from SPS. Mr. Semple asked if Free Cash could be used to pay down debt. Mr. Vanni explained the process of using Free Cash to pay down debt service, and reducing tax revenue. Mr. Vanni also explained that one way of reducing debt is establishing a dedicated stabilization fund. A discussion followed on various options for which Free Cash can be expended. The committee also engaged in a lengthy discussion on Board of Selectmen approval of Free Cash expenditures. This item would come back for discussion and vote at a future meeting.

Ms. Iuliano urged the Finance Committee to talk to Town Counsel about whether or not the Finance Committee could adopt the Free Cash Policy and whether it is binding.

ITEM 5: FY16 FINANCE COMMITTEE GOALS

Chairman Berry led the discussion on the Finance Committee Draft Goals. The Finance Committee Goals include:

Review Budget Guidance and Budget Hearing Process

Fincom Worksheet Information

Questions for cost centers

Cost Center Guidance

Long Term Financial Planning

Finalize Free Cash Policy to present to Board of Selectmen
Review impact of implementation of OPEB recommendations
Review capital projects schedule and impact

Communication

Documents posted with agenda and/or with minutes
Minutes approved and posted in a timely manner
FAQs on FinCom web page with links

Some of the suggested changes to the Finance Committee FY16 Goals were to delete the wording, "to present to the Board of Selectmen" under Long Term Financial Planning. Include Social Media under Communications.

Vote

Upon motion duly made and seconded, that the Finance Committee approved the FY16 Finance Committee Goals. The motion carried. Unanimous vote.

ITEM 6: PUBLIC COMMENTS

John Baranowsky, Belcher Drive shared comments about his appreciation that a new Town Manager as been selected and thanked the Finance Committee for tabling the Free Cash discussion. Mr. Baranowsky also shared an update on school and town-wide initiatives.

ITEM 7: ADJOURNMENT

Upon motion duly made and seconded, that the September 14, 2015 Finance Committee meeting adjourn at 9:45 p.m. The motion carried. Unanimous vote.

Next Meeting Scheduled for September 28, 2015