

**Sudbury Finance Committee
Meeting Minutes
February 6, 2017**

ATTENDENCE

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

Lincoln Finance Committee Members Present:

Peyton Marshall, Chair, Jeff Birchby, Gina Halsted, Eric Harris, Jim Hutchinson, and Andy Payne

Also Present: Dennis Keohane, Finance Director/Treasurer-Collector

Absent: Sudbury Finance Committee: Jeff Atwater, Tammie Dufault

CONVENE:

Chairman Berry called the meeting to order at 7:30 p.m. The meeting convened at the Lincoln-Sudbury Regional High School, Conference Room B 390 Lincoln Road, Sudbury, MA 01776. Chairman Berry noted that the meeting is being televised and recorded.

ITEM 1: Joint Meeting with Lincoln Finance Committee

- **LSRHS FY18 Budget**

After a brief introduction, the Lincoln Finance Committee Chairman Peyton Marshall provided a brief overview of the development of the Lincoln-Sudbury (LS) FY18 Budget. Mr. Marshall stated that the Lincoln Finance Committee has set a 2.5% Guidance and that LS historically comes in under the Lincoln Finance Committee Guideline. He added that every possible outcome for LS is covered under the Lincoln Budget.

Chairman Berry stated that the Sudbury Finance Committee had reached consensus on accepting the LS Operating Budget Request that would result in a 3.58% increase in Sudbury's assessment.

- **Update from Lincoln FinCom and Sudbury FinCom on Intermediate Term Priorities**

Mr. Marshall described Lincoln's intermediate priorities for several capital projects. He spoke about potential MSBA funding for a new school building that was not realized because it had not received the required 2/3s vote of Town

Meeting. He stated that the Lincoln Finance Committee had revised its approach to building consensus in town for a new school building. Mr. Marshall stated that an additional point of consideration for the citizens of Lincoln is a Community Center. He stated that the Lincoln Finance Committee is considering approaches to affordability and improved efficiencies.

Chairman Berry stated that the Sudbury Finance Committee is reviewing approaches to ongoing capital replacement funding. She added that some of the current practices include using Free Cash or Debt Exclusion to fund capital projects. Chairman stated that the Sudbury Board of Selectmen and the Capital Funding Committee are considering an override for FY19 to increase the capital funding within the operating budget. Chairman Berry also stated that the Finance Committee is also working on implementing a three-year Forecast report from each Cost Center. A brief discussion followed on extended reporting from Lincoln Town Departments for the Lincoln Finance Committee's understanding of Town Department's budgetary needs.

- **Health Insurance and Consideration of GIC**

Chairman Berry asked about the Town of Lincoln health care options. Mr. Marshall provided a brief description of health care options and prescription drug options that have worked for the Town of Lincoln.

- **Use of E & D Funds for Capital**

Chairman Berry asked Mr. Marshall for his opinion on using E&D funds to fund capital projects. Chairman Berry pointed out that Sudbury voted to use E&D funds in the fall to finance renovations of playing fields at the high school. A general discussion followed. Both Committees indicated that the use of E&D funds to fund capital projects is helpful. The Committees discussed ways to set aside funds for future field replacements.

- **OPEB approach of both towns: an update**

The Committees engaged in a discussion on approaches to funding OPEB cost. Mr. Marshall referred to the Actuarial Valuation Report for the Town of Lincoln. He stated that the liability came to 50% above the previous cost. He pointed out that there are some actuarial changes that are affecting all towns. Mr. Marshall summarized Lincoln's process, which takes into account its population and retirement. Mr. Marshall stated that Lincoln does have an OPEB Contribution Policy in place.

Chairman Berry stated that the Cost Centers have included OPEB normal cost in their budget over the past three years and will be at 100% for the normal cost in their FY18 budget. Chairman Berry stated that Board of Selectmen is considering a policy that would put a percentage of Free Cash into the OPEB account.

ITEM 2: Adjournment of Joint Meeting

Motion and Vote:

Lincoln Finance Committee member, Andy Payne moved, and Sudbury Finance Committee member Fred Floru seconded the motion that February 6, 2017, Joint Finance Committee meeting adjourns at 8:05 p.m.

The motion carried. The vote was unanimous.

Chairman Berry called to order the continuation of Sudbury Finance Committee Meeting at 8:07 p.m.

ITEM 3: Public Comment

There were no comments.

ITEM 4: General Business

- **Approve Meeting Minutes**

There were no Meeting Minutes to approve.

- **Transfers**

- **Other Business**

ITEM 5: Budget Deliberations, and Possible Vote

Chairman Berry opened this item for discussion and recapped consensus reached by the Finance Committee at its last meeting on the LS Assessment non-override request, the SPS non-override request, and Town departments non-override request. Chairman Berry stated that she would like the Finance Committee to focus its deliberations on the SPS override request. Chairman Berry stated that she is waiting for information from Susan Rothermich on what the unemployment liability would be for the non-override budget and the change in the number of FTE reductions if \$350K of Free Cash was used to cover that liability. A general discussion followed on possible assumptions for the use of Free Cash and the Stabilization Fund.

Motion and Vote:

Jeff Barker moved, and Bryan Semple seconded the motion that based on current estimates for receipts and a blended assessment rate for Sudbury the Sudbury Finance Committee recommends

approval of the Lincoln-Sudbury Regional High School Budget Proposal that results in an assessment to Sudbury of \$23,698,762.00.

The motion carried. The vote was unanimous.

Motion and Vote:

Joan Carlton moved, and Adrian Davies seconded the motion that based on current estimates for receipts and fixed cost, such as health insurance, that the Sudbury Finance Committee recommend approval of a Sudbury Public Schools (SPS) net budget of \$42,503,321.00.

The motion carried. The vote was unanimous.

Motion and Vote:

Susan Berry moved, and Fred Floru seconded the motion that based on current estimates for receipts and fixed cost, such as health insurance, that the Sudbury Finance Committee recommend approval of Town-Departments non-override budget of \$23,613,346.00 before offsets.

The motion carried. The vote was unanimous.

The Finance Committee continued their deliberation on the Town-Departments override budget request. A general discussion followed on public safety cost and overtime cost. The Finance Committee continued their deliberation on the SPS override budget request. The conversation included a discussion on override scenarios for SPS.

ITEM 6: Liaison Reports

Chairman Berry took this item out of order and opened discussion on the Liaison Reports ahead of the Budget Deliberation discussion.

Jeff Barker stated that he is working with Dennis Keohane, Finance Director/Treasurer-Collector on a Tax Impact Report. He will send a copy of the report to Chairman Berry for her review and discussion at a future meeting.

Ms. Carlton provided an update on the recent Strategic Financial Planning Committee for Capital Funding meeting she attended. She stated that the purpose of the meeting was to review capital funding recommendations for the Finance Committee and Board of Selectmen consideration. Ms. Carlton recapped the conversation from this meeting, which included a discussion on the development of a capital funding document and capital funding sources. The sources of capital include National Development Mitigation Payments, private funding, CPA funds and Free Cash. Ms. Carlton stated that additional discussion included a conversation on how to fund capital projects long term. Recommendations were to request an override in FY19 to increase

the recommended capital budget inside the operating budget. Another was to increase the capital budget each year by the amount decline of debt service inside the operating budget. Another recommendation was to repurpose and rename the Rolling Stock Stabilization Fund to the Capital Stabilization Fund, and with the approval of Town Meeting annually transfer unused portions of the capital budget into the Capital Stabilization Fund. Ms. Carlton listed items that would reoccur in capital needs. Ms. Carlton stated that the proceeds from the sale of the old police station would be recommended to be placed in the Capital Stabilization Fund. A general discussion followed.

ITEM 7: Public Comment

There were no comments.

Item 8: Adjourn

Motion It was moved and seconded that the February 6, 2017, Finance Committee meeting adjourn at approximately 9:20 p.m. The motion carried. The vote was unanimous.

Next scheduled meeting of the Finance Committee is Monday, February 13th at 7:00 p.m., in Town Hall.

Respectfully Submitted: Cheryl Gosmon, Recording Secretary