

**Sudbury Finance Committee  
Meeting Minutes  
November 19, 2018**

**ATTENDANCE**

Finance Committee Members Present: Bryan Semple, Chairman, Jeff Barker, Vice-Chairman, Jeff Atwater, Susan Berry, Adrian Davies, Lisa Gutch, Jean Nam, Eric Poch

**Absent:** Glenn Migliozi

**Also Present:** Dennis Keohane, Finance Director/Treasurer-Collector, Melissa Murphy-Rodrigues, Town Manager

**CONVENE:**

Chairman Bryan Semple called the meeting to order at 7:02 p.m. The meeting convened at Flynn Building, in the Silva Meeting Room, 2<sup>nd</sup> Floor, 278 Old Sudbury Road, Sudbury, MA 01776.

**ITEM 1: Public Comment**

Chairman Semple opened this portion of the meeting for Public Comment. There were no public comments.

**ITEM 2: General Business**

- **Approve Meeting Minutes**

**Motion and Vote**

Jeff Barker moved, and Susan Berry seconded, the motion to approve the minutes of September 24, 2018, meeting as submitted.

**The motion carried. The vote was unanimous.**

- **Transfers**

There were no Budget Transfers to approve.

- **Liaison Report**

Jeff Barker reported that he will attend the Lincoln Sudbury Regional District School Committee meeting on Tuesday, November 20, 2018. He stated that one of the items on the agenda includes an overview of the expectation on out-of-district contract cost, actual, current, and forecasting. Mr. Barker also stated that he attended an update meeting to get a general sense of what's going on

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with budget preparation, and guidance. He asked about readouts in December and if consideration for this request could be placed under the heading of calendar review.

Jean Nam reported that Sudbury Public Schools (SPS) would attend a Finance Committee meeting on December 17 to talk about Budget Pressures. She also stated that she has worked on a new Reconciliation Worksheet with them.

Susan Berry stated that the Capital Planning Committee is meeting on November 28 and would review funding sources and narrow it down to two or three to talk with the Board of Selectmen about. She also stated that the Budget Strategies Task Force will meet on November 20 to talk about budget pressures now that the Cost Centers have the Town Manager's guidance.

- **Review Calendar**

The Finance Committee reviewed open dates in January and February. The Finance Committee decided to continue its review on dates, relative to budget deliberations and Cost Center presentations.

### **ITEM 3: Town Manager Budget Presentation from BOS meeting**

Chairman Semple opened this item for discussion and yielded the floor to the Town Manager.

Town Manager, Melissa Murphy-Rodrigues presented the 2018 Financial Condition of the Town of Sudbury, which was also presented to the Board of Selectmen on October 30, 2018. Ms. Murphy-Rodrigues began with a brief summary of the Town Charter and the Town Bylaw relative to her role in all financial matters including the preparation of an annual operating budget and capital improvement program. A general discussion followed.

Ms. Murphy-Rodrigues presented the details on the financial conditions of the Town. She stated that in 2017, the Town received a AAA rating and an Excellence in Financial Reporting Award for Comprehensive Annual Financial Report (CAFR). She added that the triple-A rating reflects the Town's strong economy and good financial policies and practices. Ms. Murphy-Rodrigues stated that funds available now include, Stabilization Fund - \$4,574,740, Melone Stabilization Account - \$1,100,000, Free Cash - \$2,012,070, and OPEB Trust - \$6,429,146.

Ms. Murphy-Rodrigues spoke about her practice of projecting financial forecast. She explained that a forecast of projected

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revenues and expenditures is an effective and useful tool to determine policy and decision making. She added that it can be used as an early warning system for future revenue or spending issues. She added that it is most effective when used during a three-year period and that the projected financial forecast is not detailed like a budget but rather a conservative summary.

Ms. Murphy-Rodrigues stated that the Town has four major categories of revenue. The first is real estate and personal property taxes - 86% and is the largest revenue source. The second is Intergovernmental Aid at 8% and is comprised of: Chapter 70 funding (\$4,914,140), Massachusetts School Building Authority (MSBA) payments, unrestricted government aid (\$1,445,383), and the Staffing for Adequate Fire and Emergency Response (SAFER) grant (\$193,581) (to be included next year). The third is local receipts, which accounts for 5% of annual revenues including but not limited to local fees, fines, permits, and other charges. Ms. Murphy-Rodrigues stated that in 2018 the Town collected \$251,822. The fourth category is other available funds, which accounts for 1% of revenues, such as ambulance receipts and free cash, which can vary from year to year.

Ms. Murphy-Rodrigues outlined revenue projections. She stated that for FY19 the revenue is projected at \$98,944,959, FY20 \$102,034,272 and FY21 \$105,057,432 and FY22 \$106,057,992. She also stated that for FY2019/2020 the projected increase is 3%, for FY2020/2021 an increase of 2.96%, and for FY2021/2022 a .95%, which is because of an MSBA payment and excluding debt falling off in FY2021/2022 but the budget will still be increasing about 2.9%. A brief discussion followed.

Ms. Murphy-Rodrigues outlined potential expense projections, which included education, general government, public safety, public works, human services, culture and recreation, employee benefits, other/transfers, OPEB, debt service, and the Town Manager's Capital Budget. Ms. Murphy-Rodrigues also outlined items that drive budget increases. She stated that this includes, fixed costs, personnel, contracts for services, any need for increased services or changes for services. A discussion on COLAs and contracts followed.

Ms. Murphy-Rodrigues presented her expenditure forecast for the next three years. This represents an increase in FY19 of 3%, FY20 2.96% and in FY21 2.96%. Ms. Murphy-Rodrigues stated that this is her three-year projection of what the schools can spend

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based on revenue projections. A brief discussion followed on snow and ice removal, other contractual expenses and Free Cash.

Ms. Murphy-Rodrigues presented the budget calendar. She stated that the Finance Committee would have her proposed budget by January 31<sup>st</sup>. She also stated that the Finance Committee will make their recommendation to the Board of Selectmen by March 31<sup>st</sup>.

The Finance Committee engaged in a lengthy discussion on the warrant and budget process as well as the budget calendar as it relates to the Cost Centers. Chairman Semple pointed out that the best way the Finance Committee could serve the budget process is to get into the macro details on what is going on with the Town's finances. He added that the Committee should think about how to have the most influence to keep the Town's finances going in the right direction. He summarized the process the Finance Committee would undergo once it receives the budget from the Town Manager for the Cost Centers. He pointed out that the Cost Centers could also submit a second budget based on need. He also pointed out that the Finance Committee, after reviewing the budgets from the Cost Centers, could decide to put forward an alternative budget for Town Meeting consideration. Chairman Semple stated that the Finance Committee would hear from SPS and LS on December 17<sup>th</sup> and Town mid-January.

**ITEM 4: Proposal for New Format for SPS Reconciliation Sheet**

Chairman Semple opened this item for discussion. He stated that the Finance Committee has used the Reconciliation Worksheets to peel away complexities within the budget in order to better describe at Town Meeting what is driving the budget changes. Chairman Semple yielded the discussion to Jean Nam to present a new format for the SPS Reconciliation Sheet.

Ms. Nam recapped the goals and strategies of the previous Reconciliation Sheet. She outlined the new format for the SPS Reconciliation Sheet, which included the following categories revenue, expenses, out-of-district expenses, and any increase or decrease that is over 10%. Ms. Nam stated that the numbers come directly out of MUNIS, which could print the information daily, or quarterly. She added that it would be great if the Finance Committee received a quarterly update to see budget versus actual as its growing. She added that steps and lanes, COLA and changes in FTEs would be recorded. Ms. Nam stated that the expense category for teacher etc. are Mass Dept of Education categories and schools use the same format to report this information. The Finance Committee engaged in a question and answer period.

**ITEM 5: Review Additional Melone Updates**

- Melone Property Deposition
- Financial Model Presentation - Jean Nam

Chairman Semple opened this item for discussion. He stated that there are six warrant articles posted and are available for review. Chairman Semple summarized the details of the articles and stated that the Finance Committee would need to decide which articles to take a position on. A brief general discussion followed on articles having a budgetary impact. Ms. Murphy-Rodrigues stated that \$1.1 Million is in the Stabilization Account for the purpose of reclaiming or preparing the Melone property and now that it is no longer needed for Melone that money would be repurposed. A general discussion followed.

**ITEM 7: Free Cash Guideline Discussion**

Chairman Semple opened this item for discussion. He stated that this discussion would focus on the .5% reserve that the Finance Committee places on Free Cash. Chairman Semple added that he would recommend that the Finance Committee consider eliminating this guideline. He explained that with \$4.4 million in the Stabilization Fund it is not necessary to have an extra .5% reserved in Free Cash. The consensus of the Committee was five members would like to keep the .5% reserve, and two were for eliminating it and one was undecided. After a long discussion edits were made to the guideline.

**Motion and Vote**

Jeff Barker moved and Jeff Atwater seconded the motion to approve the Finance Committee Free Cash Use Guideline, November 19, 2018.

**The motion carried. The vote was 5 in favor, 1 opposed, 2 abstentions**

**ITEM 7: Public Comment**

There were no public comments.

**ITEM 8: Possible Future Agenda Topics**

Chairman Semple earmarked Future Agenda Topics. He stated that the Finance Committee would review the outcome of the Town Forum on Quarry North and Melone Disposition at its December 3, 2018 meeting. He also stated that the Finance Committee will vote on warrant articles, 1, 4 and 5 at the December 3 meeting as well. The Finance Committee would meet on December 17 to discuss budget pressures for LS and SPS. A general discussion followed on Finance Committee meeting dates for 2019.

**ITEM 9: Adjournment**

**Motion and Vote:**

**Jeff Barker moved, and Adrian Davies seconded the motion that the November 19, 2018, Finance Committee meeting adjourns at approximately 9:57 p.m.**

**The motion carried. The vote was unanimous.**

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*Next scheduled meeting of the Finance Committee is Monday, December 3, 2018, at 7:00 p.m.*

*Respectfully Submitted: Cheryl Gosmon, Recording Secretary*