

**Sudbury Finance Committee
Virtual Meeting Minutes
June 29, 2020**

ATTENDANCE

Finance Committee Members Present: Vice-Chairman, Eric Poch, Susan Berry, Ron Brumback, Lisa Gutch, Jean Nam, and Scott Smigler

ABSENT: Jeff Atwater, Chris Carmody, Bryan Semple

ALSO PRESENT: Henry Hayes, Town Manager; Dennis Keohane, Finance Director/Treasurer-Collector

CONVENE:

Vice Chair Eric Poch called the virtual meeting to order at 7:46 p.m.

ITEM 1: Public Comment

There were no public comments.

ITEM 2: General Business

- **Approve Meeting Minutes**

Reviewed minutes from 1/30/2020, and 3/30/2020

Scott Smigler moved, and Lisa Gutch seconded the motion to approve minutes for 1/30/2020. Approved unanimously on a roll call vote.

Scott Smigler moved, and Susan Berry seconded the motion to approve minutes for 3/30/2020 as amended. The motion was approved unanimously on a roll call vote.

- **Transfers and other business**

Dennis Keohane was recognized to present the requested transfers. If both are approved, the balance in the Reserve Fund would be \$5,301. The first transfer request is for \$53,304 from the Reserve Fund to Law Department Legal Expense (100-1510-000-020-00-0-522560) for legal expenses charged for May and estimated for June. There was some discussion about why this expense line was about 1/3 again higher than expected.

Lisa Gutch moved, and Susan Berry seconded the motion to approve the transfer of \$53,304 to the Law Department Legal Expense. The motion was approved unanimously on a roll call vote.

The second transfer request was for the snow and ice deficit: \$51,968 for Snow and Ice OT, \$8,229 Snow Materials, and \$57,803 for Snow and Ice Contractors for a total of \$118,000. Jean Nam reminded Dennis that the Finance Committee would like storm by

storm cost data to determine if the efficiency measures DPW has been taking are working.

Ron Bromback moved, and Lisa Gutch seconded the motion to transfer a total of \$118,000 to the three Snow and Ice line items indicated. The motion passed unanimously on a roll call vote.

- **Liaison Reports**

- o SPS related school committee activity - Susan Berry reported that SPS expects to close the year with \$740K that they will use to prepay FY21 OOD tuition and transportation costs; most of this is from circuit breaker funds they must expend or return to the State. As a result of school closures, several areas in the FY20 Budget realized reductions. There were about \$650K in savings, primarily from the transportation line item, but there were also reductions in utilities, salary expenses, and non-salary expenses. These savings were used to purchase Chromebooks and carts for Grades 2-5, masks, PPE, and new equipment. Through the CARES Act, SPS will receive \$51K which can be used in FY20 or FY21. SPS plans to use these funds in FY21. There has been recent guidance about opening, but still no guidance about transportation.
- o LS related school committee activity - Ron Bromback reported that LS had the same sorts of savings as SPS. They will be using these saving for Covid-19 related expenses. In addition, LS has available E&D up to \$500K for Covid-19 related expenses. The LS administration has no expectation that they will need to make any additional fund requests, pending further direction from DESE.
- o Scott Smigler reported that a draft of the Sudbury Master Plan was submitted to the steering committee on June 19, with feedback requested by July 10. This is Volume 2. Volume 1 was the baseline report. Volume 3 will be the Action Plan. Next meeting is Friday July 24, 8:45AM.

- **Review calendar**

Tabled until the end of the meeting.

ITEM 3: Budget updates

- **Review updated budgets**

Town Manager Hayes reviewed Articles 3, 4, 5, 6, 7, and 8. He went over changes in the revised budget and the adjustments to the revenue and other available funds. He reported that the operating budget is currently at 2.19% increase, within the 2.5% increase allowed by proposition 2 ½. Changes in the proposed budget as of 6/17/2020 included an additional \$2,500 to General Government for Professional Development, an additional \$31,612 to Human Services and \$53,047 to Culture and Recreation and \$200,000

to Town-Wide Operating and Transfers. The increase in Human Services reflects the balance of the cost of the addition of a full time Health Inspector and the amount previously in the budget to contract that work out. The increase in Culture and Recreation reflects moving the portion of two salaries (the Park & Rec Director and the clerical position) that were funded through the Revolving Fund to the tax levy.

Jean Nam asked about the mismatch in the SPS total on the Expenditure page and the detail page. Dennis Keohane will research that, but confirmed that the number on the Expenditure page is correct. Jean also had a similar question about the General Government total and detail, which Dennis will research that.

Ron Bromback asked where the Town is currently in revenue collection. Dennis Keohane responded that the revenues are a little lower than in a normal year; Real Estate and Personal Property are right where they would normally be (at 99% collected), Motor Vehicle Excise exceeded budget, and the Town is waiting on the final State Aid and MSBA payments. Once those are received, revenues will be \$600,000 over what was budgeted. The Town is where it needs to be for collection although some collections are lagging a bit from where they usually are historically.

There were questions about when State Aid numbers for FY21 would be available and whether there is any indication that State Aid will decrease in FY21. Dennis responded that he didn't have answers, but because of the uncertainty revenue projections are currently showing a decrease in State Aid for FY21.

Dennis explained the \$136,933 decrease in debt service. Also, he explained that the budget includes using Free Cash to fund the OPEB contribution and the Town Managers Capital Budget.

Jean Nam had a question about the cost of joining a vocational school and where we are in the process. She had asked previously for an update and would still like to get this information.

Scott Smigler asked about the relationship between the retiree benefit line item in the budget and the OPEB contribution. Dennis Keohane explained that both these amounts go into the OPEB Trust and then the current retiree benefit cost is paid back out, leaving the OPEB amount in the Trust to build up that fund.

Town Manager Hayes moved on to the Article 4 Town Manager's Capital Plan. He explained that he has moved one item back onto

the list, the document scanning project, that he had previously removed. He made that decision considering the unsettled time and the fact that in the event of a disaster of any kind, the Town risks losing some of its history and data. In terms of the capital items that are articles, Mr. Hayes said that the Fire Chief is requesting that the Fire Station 2 article, Article 20, be deferred. In addition, the Town Manager has an email requesting that the Front-End Loader, Article 24, and the Sidewalk Tractor, Article 27, be deferred.

Scott Smigler asked if the documents would be stored offsite. The Town Manager responded that he does not know all the details of the IT storage. Ron Bromback asked that the Town add cloud-based backup if we do not have it currently, and the Town Manager will check on that.

Jean Nam asked if the Town has implemented all the Munis updates that Town Meeting has authorized to be purchased. Dennis Keohane responded in the affirmative and added that the Town will be updating again soon. Jean also inquired about the status of the permitting software implementation. Dennis answered that the Building Department is the only one fully implemented. The DPW is working on implementation now, and the project is still in process in other departments.

The Town Manager began the presentation of the Enterprise Funds with Article 5 Transfer Station. Henry Hayes reiterated that the Transfer Station Enterprise Fund is doing well. Dennis Keohane added that this fund has changed because half the cost of the Front-End Loader was coming from the retained earnings in this fund.

Jean Nam asked for the balance in the retained earnings and suggested that it would be helpful to add retained earnings to the detail for the enterprise funds.

Next the Town Manager went over Article 6 Pool Enterprise Fund. He mentioned that this Enterprise Fund will need help from the Operating Budget. Dennis Keohane went over the changes in how the staffing salaries are paid. The pool staff salaries line item has increased to about \$101K. There is no new staff, but the method for funding the staff has been modified. The pool staff salary, about \$53K, that was in the revolving fund (a Program Coordinator who was dedicated to the Pool) has been moved to the Enterprise Fund. The receptionist and lifeguard line items have been modified. The Pool Instructor has been increased a little to generate more income. Twenty-five percent of the Director's

salary and half of the clerical salary that were funded by the Revolving fund have been moved to the Operating Budget.

Scott Smigler noted the trend of declining profit in the Pool Enterprise Fund and asked if changes were being made to address this. Dennis Keohane responded that Dennis Mannone, the Parks and Recreation Director, has done a comprehensive review of this fund, modified the fee schedule, cut hours that have not been profitable, etc. to try to cut costs and make the pool profitable.

Finally, the Town Manager reviewed Article 7 the Recreation Field Maintenance Enterprise Fund. He noted that there are no significant changes from FY20 to FY21. Currently the budget assumes that programs will be able to be resumed at some point in FY21. Also, the transfer to the Enterprise Funds from Free Cash is intended to cover potential deficits in the FY21 budgets, as well as FY20 deficits, as a result of Covid-19.

Since Article 8 Snow and Ice has been taken care of by the transfer from the Reserve Fund voted earlier in the meeting, Henry Hayes reviewed the proposed uses of Free Cash including the transfers to the Pool Enterprise Fund and Recreation Field Maintenance Enterprise Fund. An adjustment has been made to the Free Cash to account for the fact there is no longer a need to use it for Snow and Ice. With this adjustment and the adjustments for the Town Managers Capital Budget and OPEB, if all the articles pass at Town Meeting there will be \$783,415 remaining in Free Cash. There were questions about how much of the transfers to the Enterprise Funds will cover the deficit for FY20 and how much might be used to cover a potential FY21 deficit. Dennis Keohane can give the FinCom that number after FY20 closes. Town Manager Hayes reiterated that we are living in the great unknown and that what is being presented is based on what we know today and what we estimate.

Scott Smigler asked about Tax Collection info over the years and how reliable the Town Manager thinks this is for projecting in the future. Also, Scott asked if the Finance Committee will be getting a revised 3-year revenue projection. Mr. Hayes responded that has not been done to date and is still on the table. Scott stated that he would like the revised projection before voting on the budget, that we are facing unemployment that is not comparable to 2008, and a revised forecast could lend confidence that the town is protected. What if we see an impact that is 2 to 5 times greater than in 2008. Are we protected in those scenarios.

Town Manager Hayes responded that Sudbury's main revenue sources - real estate and personal property taxes - have been extremely stable. Dennis Keohane mentioned that over time Sudbury has been remarkably consistent in tax collection at 98-100%. This revenue is also protected by the fact that a large percent of the tax bills are paid through escrow, which banks will continue to pay to avoid a lien on the property.

ITEM 4: Town meeting articles

- Discuss prior votes on articles and re-vote if necessary - The Vice Chair commented that given that there is a new budget, the Finance Committee will need to deliberate again. He stated that we need to get information from LS and SPS as to what impact guidance for re-opening might have on their budgets. Ron Bromback responded that it is not likely that LS will have guidance from DESE before the FinCom needs to make a decision and at this point LS will not be asking for a change in their budget. Susan Berry stated that she will check in with SPS to see if they have any better sense at this point about how the guidance might impact their budget and, if not, when they think they might have a sense of that.
- Timing and next steps - Dennis Keohane said that at this point it looks like the timing for Town Meeting is mid-September and based on that, recommendations for the Warrant would be needed by the end of July. Scott Smigler suggested that we need to have a meeting the latter part of July to get any additional information about State Aid and the impact of DESE guidance. He also suggested that at our next meeting, the Finance Committee could look at the guidance we gave the town and decide if the right effort has been taken to address our concerns. The Vice Chair suggested that at our next meeting, we can try to make steady progress in going back through the lists of articles, regroup on where we are, what we have left open, close out on anything we can, so that if we walk away from that meeting needing to cover just SPS and LS, we can deal with that in the second half of the month.

Jean Nam stated that she needs an answer on where we are in process of joining a vocational school, and what the approximate yearly cost would be. That may have an impact on how we build the budget back up. Also, we need an updated budget book which Dennis Keohane guessed FinCom could have by July 10. Scott Smigler added to the list of "asks" updated 3-year projections, the State funding and school funding issues, and retained earnings for the Enterprise Funds.

Vice-Chair Poch suggested that FinCom schedule meetings for the 13th and 27th of July to allow the committee to make recommendations on the budget and articles in time for the Warrant.

ITEM 5: DLS Report on Town Policies

Eric will check with the Select Board about their timeline for taking up the report.

ITEM 6: Public Comment

There was no public comment.

Item 7: Adjourn

Scott Smigler moved, and Ron Bromback seconded the motion to adjourn at 10:26. The motion passed unanimously on a roll call vote.