Sudbury Finance Committee
Virtual Meeting Minutes
July 30, 2020

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

ABSENT: Jeff Atwater, Chris Carmody, and Lisa Gutch,

ALSO PRESENT: Dennis Keohane, Finance Director/Treasurer-Collector

CONVENE:
Vice Chair Eric Poch called the virtual meeting to order at 7:06 p.m.

ITEM 1: Public Comment
There was no public comment.

ITEM 2: General Business

- Approve meeting minutes
  This item was postponed.
- Transfers and other business
  There were no transfers.
- Liaison reports
  SPS – Susan Berry reported that SPS received a $25K SERF grant to set up 12 video sites from which to do remote classes.
  LS – Ron Bromback reported no new information.

ITEM 3: FY21 Budget - Discussion and Vote
Jean Nam shared the document FY21 Summary of Budget Changes FinCom that FinCom can use as a starting point to come up with an alternative FY21 budget. She reviewed what is in the document: the information from the proposed FY21 budget plus a couple of revised scenarios with changes to the revenue projections and, in one case, a change to the expenses. There was a question about the Town's debt service; is it going down in FY22 by $1M or $2M. Dennis Keohane stated that short term debt service explains the

difference between projected debt service and the amount in the FY19 Annual Town Meeting Warrant, which shows long term debt only.

Bryan Semple proposed that at Town Meeting the FinCom presentation on the budget say that FinCom looked at a revised set of projections for the revenue, and the budget for FY21 seems reasonable at this point but the concern is for FY22 and FY23 if revenues are lower than those projected pre-Covid by the Town. The committee looked at the FY21 budget in light of a model which assumed decreases similar to FY08-FY10 in Real Estate and Property Tax, State Aid remaining flat, and local receipts dropping. The committee modified the draft spreadsheet to reflect assumptions the committee was making. Based on the final FinCom analysis, the deficit over 3 years was about $5M.

Scott Smigler pointed out that given that the unemployment percentage is higher than in 2008-2010, there is potential for the Real Estate and Property Tax decrease to be greater. Another question is the Covid impact in FY22 and FY23 and whether there will be additional funding from the State or Federal Government. Dennis Keohane stated that at this point any additional staff need for Covid is assumed to be short-term in nature. Scott Smigler argued that it is reasonable to assume that any additional staff hired for FY21, and covered as Covid expenses in FY21, may impact the FY22 budget but may not be covered by State or Federal funds.

Susan Berry stated that if all the articles pass that are proposed to be funded with Free Cash, there will be a little more than $940K remaining, plus the $3M in released overlay funds and $1.1M in the Melone Fund, a total of about $5M available to get the Town through the crisis without touching the Stabilization Fund. She pointed out that also assumes no additional Free Cash from FY21 or FY22 and that none of the back Real Estate taxes will be collected in later years.

Bryan Semple reviewed the revenues and expenditures. He stated that he would be comfortable to use Free Cash to fund the Town Manager's Capital Budget and OPEB. Jean agreed as long as the gap in the levy is not filled with something else.

Dennis Keohane stated that the intent is to put the Town Manager's Capital Budget and OPEB back within the Levy as soon as we are able.

Scott Smigler stated his understanding that the intent of an alternate budget by FinCom is to protect against the possibility that finances do not go back to normal by FY22.

Looking at the Finance Committees' conservative assumptions of revenue, Bryan stated that the town would need a little less than $4.60M in Free Cash to supplement the revenue for FY21 – FY23. Based on that analysis, the town has enough Free Cash to cover the gap if needed. Jean stated her concern about whether the $3M in overlay will not be proposed to be used before the financial impact of Covid is certain. Therefore, she thinks we should continue to recommend spending as little of the Free Cash we have at this point.

Bryan Semple stated that he has no problem with the budget for FY21, but that it should be made clear the Finance Committee is setting up markers that say this is the budget for FY21, we are funding parts of it with Free Cash, and at some point we will have to go back and fill that once collections are back to normal levels. Jean also stated that we also need to be showing that we need some flatter expenditures and suggested that the message from the Finance Committee should be to preserve Free Cash in case we need it, but the primary goal is to reduce increases in expenditures.

There was general agreement that members of the committee are okay with the FY21 budget, and with being conservative about use of Free Cash in FY21, but differing opinions about the usefulness of revised estimates at this point

given the uncertainties in State Aid, Real Estate collections, and local receipts. Also, Susan Berry pointed out that in response to one of the request by FinCom, the Town proposed using Free Cash to fund the Town Manager's Capital Budget and OPEB in order to keep the increase in the tax rate lower in FY21 than it would have been if these costs were funded from the levy.

The committee began to discuss what might be part of the presentation at Town Meeting to connect the votes on the FY21 budget and capital projects to our understanding of possible more conservative scenarios for receipts in FY21-FY23.

For Scott Smigler the important point is to see that the town has a strategic plan that establishes a process for decision making if CV19 has a much bigger impact than we are expecting. He suggested that we prepare information about the trends and threats we need to be prepared for and the strengths that will help offset these.

There was a discussion about rescinding our vote on the FY21 budget and how to present concerns to Town Meeting.

Scott Smigler asked the Town Manager when the Finance Committee's information and report for the warrant must be submitted in order to be included in the printing of the warrant. The Town Manager suggested that the warrant would be wrapped up on or around August 4th, and to have our materials submitted on or before that day.

Motions:
Bryan Semple moved, and Ron Bromback seconded the motion to rescind the committee's previous vote on Article 3.

Before taking a vote on the motion, Scott Smigler asked the Town Manager for his reaction to the suggestion that the town create and share a strategic plan for decision making in the event that the response to the Covid crisis has a bigger impact to revenue and expenses than the town is currently expecting, or at least confirm the existence of

such a document. The Town Manager responded that the town has looked at scenarios and possible responses, and that our request for more insight into a plan be put in writing to the Select Board

The motion passed unanimously on a roll call vote.

Bryan Semple moved, and Ron Bromback seconded the motion to recommend approval of Article 3 FY21 Budget ($105,613,075 for the Total Operating Budget). The motion passed unanimously on a roll call vote.

ITEM 4: Town meeting articles – Discussion and vote

- Article 4 FY21 Capital Budget
  Susan Berry moved, and Jean Nam seconded the motion to rescind the previous vote on Article 4. (The amount in this article had changed since the last vote.) **The motion passed unanimously on a roll call vote.**

  Susan Berry moved, and Ron Bromback seconded the motion to recommend approval of Article 4 FY21 Capital Budget. The motion passed unanimously on a roll call vote.

- Article 6 FY21 Pool Enterprise Fund
  There was some discussion of whether the pool is open now and at what capacity it is being used.

  Ron Brumback moved, and Jean Nam seconded the motion to recommend approval of Article 6 FY21 Pool Enterprise Fund. The motion passed unanimously on a roll call vote.

- Article 14 Capital Stabilization Fund
  Bryan Semple said that there is still no plan on how this will be used. Susan Berry said that she in general is in favor of putting aside money each year from Free Cash to fund some of the larger capital projects. However, she thinks this is a place where we could hold onto Free Cash until the May Town Meeting.

Bryan moved, and Susan Berry seconded the motion to recommend approval of Article 14. The motion failed 1 in favor, 5 opposed on a roll call vote.

There were no other articles that the committee was ready to discuss and vote.

ITEM 5: Finance Committee Section of Town Warrant

The committee reviewed and edited the Finance Committee section of the Warrant in its current state. Susan Berry volunteered to review this section after the meeting as a second set of eyes to the Vice Chair. There was discussion with Dennis Keohane about updating a chart showing the Tax Levy over the last twelve years.

ITEM 6: Public Comment

There was no public comment.

ITEM 7: Possible Future agenda topics and Calendar Review

This item was not covered.

ITEM 8: Adjourn

Bryan Semple moved, and Susan Berry seconded the motion to adjourn the Finance Committee meeting at 10:13 p.m. The motion was passed unanimously on a roll call vote.