

**Sudbury Finance Committee
Virtual Joint Meeting with Select Board
Minutes
August 4, 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, and Bryan Semple

The Select Board voted unanimously to open a joint meeting with the Finance Committee.

CONVENE:

Vice Chair Eric Poch called the virtual meeting with the Select Board to order at 8:01 p.m.

ITEM 1: FY21 Budget Presentation to Select Board

Mr. Poch opened the joint meeting discussion and stated that the primary concerns of FinCom focused on known and unknown financial effects from COVID-19.

Mr. Poch affirmed that despite concerns related to the budgeting process, FinCom voted unanimously to support the proposed FY 21 Budget. The overarching consensus of the committee was that despite some "what ifs" we should consider or vet, the likelihood of a negative impact on the Town related to the FY 21 Budget is very slight. The Finance Committee did some comparisons to the 2008 financial crisis and even considered slightly worse scenarios due to higher rates of unemployment in Sudbury. There are indications that State Aid will remain level. Currently, it seems the Town is in a relatively stable position.

Mr. Poch outlined FinCom's recommendations to be included in the Town Warrant:

1. Create and provide insight into a CV-19 Crisis Management Plan that establishes a proactive process for decision making if the CV-19 virus has a greater impact to revenue and expenses and necessary response is different than currently anticipated.
2. Take a holistic approach to expected financial impacts (including third party vendors) related to CV-19 that considers not just the Town budget, but its taxpayer residents, employees and stakeholders as well.

3. Provide a quarterly report of key metrics related to CV-19's revenue and cost impacts that are relevant to taxpayers and residents, for the duration of the CV-19 health and economic crisis.
4. Avoid override scenarios and delay all but the most urgent capital projects until Spring 2021 Town Meeting or longer, based on duration of CV-19 related uncertainties.
5. Utilize Free Cash to reduce the tax levy appropriately, providing relief to taxpayers, but not to support one-time spending that otherwise should be funded through the operating budget.

Mr. Poch stated that FinCom agreed that while the Town should preserve free cash to maintain flexibility, it was appropriate to use Free Cash on this year's budget to lessen the levy impact for Town taxpayers who might be experiencing challenging financial circumstances. He recommended reducing capital funding as much as possible.

Mr. Poch referred to FinCom's "Estimated Impact of Town Meeting Spending on Your Fiscal 2021 Tax Bill." Selectman Schineller questioned aspects of the document. Mr. Smigler commented that the numbers presented were estimates provided by the Sudbury Finance Director for discussion and analysis purposes only that are highly likely to change.

Selectman Roberts initiated a discussion regarding the increase in the median tax rate as presented in "The Finance Committee Assessment of the Town Recommended FY 21 Budget." Selectman Roberts recommended that FinCom include the word "average" in their written document. Group discussion took place.

Chair Carty confirmed that FinCom would be making the corresponding budget presentation at Town Meeting. Mr. Poch affirmed the statement.

Selectman Dretler stated that she was heartened to see that the unemployment rate decreased in the month of July and hoped that FinCom was utilizing the current rate of unemployment stats. She suggested that FinCom supply additional information regarding State funding and that FinCom provide a link to the S&P report.

Ms. Berry reiterated that FinCom's intent was to provide tax relieve to the taxpayers as well as maintaining Town services.

Mr. Smigler stressed the importance of item #1 - inclusion of a COVID-19 Crisis Management Plan. Vice-Chair Brown commented that in this regard, it might be advisable to note what types of efforts have been made to date and what type of efforts could be made going forward. She suggested that FinCom submit all related questions/comments in writing, discuss such questions/comments in a formalized communication pattern; namely, via Town Manager.

Chair Carty commented that Town Manager Hayes had been managing the Town in a State of Emergency since he assumed his position. Chair Carty suggested if this situation were to continue for one or more years, then the Town would have to consider/plan for such a Crisis Management Plan.

Selectman Roberts stated that the practical reality was that National and State COVID-19 directives/changes come fast, and the Town must act in an expedient fashion as well. She stated that Town Manager and staff are doing in great job in dealing with these directives.

Selectman Roberts asked about clarification regarding FinCom's language regarding "an inflexible budget" and the timing of such during current times. Mr. Poch responded that Town Manager Hayes and Finance Director Dennis Keohane were responsive in providing FinCom with assessment of the Town budget. Mr. Poch detailed that FinCom was not as successful in obtaining such assessment from the other two cost centers, namely the schools, which represented 75% of the budget.

Selectman Roberts stated that she had difficulty understanding the comments regarding the "Town's approach," as mentioned by FinCom. Mr. Poch cited concerns about communication and the level of detail provided by the Town, and that a particular red flag was that we had a budget process that kicked off in October, and a pandemic that grew the following March, but that other than for a few revenue and expense line items, there did not appear to be significant changes.

Selectman Dretler stated that Town Manager Hayes and Finance Director Keohane had crafted a very conservative budget. Mr. Poch acknowledged and applauded such efforts by Town Manager and the Finance Director and mentioned "approach" aspects had more to do with what was actually included in that budget. Ms. Nam stated that FinCom was split and some members felt that missing information included projections when looking ahead, noting that projections outlined in October did not change.

Selectman Roberts affirmed that the current budget approach presented was strategic and analytical.

Selectman Roberts referenced recommendation #4 - "delay all but the most urgent capital projects," and stated that FinCom was clearly split regarding several capital projects before the Town.

Selectman Roberts mentioned FinCom's recommendation regarding the Fairbank Community Center. She noted that she received additional information from Mr. Keohane who maintained that FY22 and FY23 would reflect interest from short term notes and FY24 would assume bulk of the debt service regarding potential Fairbank Community Center article funding. She recommended that FinCom include that consideration in their recommendation.

Mr. Keohane confirmed that such debt service would commence in FY22, at the earliest and the bulk would be present in FY23.

In reference to item #2, Selectman Dretler asked about the identity of third-party vendors mentioned. Mr. Poch responded it was any party the Town used, and exemplified school transportation bus company and plow drivers.

Vice-Chair Brown stated that FinCom members indicated that Mr. Keohane and Town Manager Hayes had been very responsive and provided necessary financial information, but that other cost centers had not provided such information. Ms. Nam responded that FinCom members had different responses regarding adequacy of information provided.

Ms. Berry, SPS liaison, indicated that she had provided a full listing of requested items involving SPS. She noted that SPS may be facing additional COVID-19 related expenses and that those expenses would likely be known by mid-August.

Mr. Smigler indicated that SPS was responsive and FinCom did receive such information. He acknowledged that SPS did not yet know what those expenses might be, in total.

Mr. Brumback, FinCom LSRHS liaison, indicated that he provided all requested information for FinCom, which was all that LSRHS knew at this time and was awaiting further information from the State. Internal discussion among FinCom members took place.

Selectman Roberts stated that she would like to see a quarterly COVID-19 financial report as FinCom had recommended, as it effects the State and Sudbury.

Selectman Schineller commented that a week ago it appeared that FinCom was going to present an alternate budget but voted unanimously in support of the Town Budget proposed by Town Manager Hayes. He suggested that such a quarterly COVID-19 financial report be combined with a type of KPI (matrix) and commitment to transparency that would help the Town determine the appropriate direction to take.

Town Manager Hayes maintained that the presented FY21 Town Budget involved in-depth review and that he did not provide FinCom with minute level of detail, given the authority/discretion of his position and the numerous responsibilities he had at this time. He would appreciate receiving written comment from FinCom going forward.

Town Manager Hayes noted the Town Budget was within the limits of the assessments that FinCom had made and was confident in the budget he prepared with the assistance of Finance Director Dennis Keohane, Assistant Town Manager Maryanne Bilodeau and other department leaders.

Town Manager Hayes confirmed that he fully understood what he was supporting in consideration of capital in the Town Manager's Capital Budget with respect to Sudbury Public Schools. He noted that he retained the digital scanning article, in consideration of the current national situation, and did not want to risk such Town archives being destroyed by fire, flood, or any other devastating occurrence.

Mr. Poch stated that FinCom existed as a resource for Town Manager, the Board of Selectmen, and the Town. Chair Carty thanked FinCom for their help.

ITEM 2: Public Comment

There was no public comment.

The Select Board voted unanimously to close the joint meeting with the Finance Committee and resume the Board of Selectmen meeting on a roll call vote.

ITEM 3: Adjourn

Eric Poch moved, and Lisa Gutch seconded the motion to adjourn the joint meeting with the Select Board at approximately 9:18 p.m.

The motion was approved unanimously on a roll call vote.