

**Sudbury Finance Committee  
Virtual Meeting Minutes  
December 14, 2020**

**ATTENDANCE**

Members of the Finance Committee present for the Virtual Meeting were: Co-Chair, Eric Poch, Co-Chair Scott Smigler, Susan Berry, Ronald Brumback, Howard Feng, Michael Joachim, Jean Nam, and Sonny Parente

**ABSENT:** Saji Johnson

**ALSO PRESENT**

Dennis Keohane, Finance Director/Treasurer-Collector, Henry L. Hayes, Jr., Town Manager, Bella Wong, Superintendent/Principal, LSRHS, Kirsteen Patterson, Director of Finance, LSRHS, and members of the Lincoln Sudbury Regional District School Committee, Ellen Joachim, Chair, Carole Kasper, Vice-Chair, Candace Miller

**CONVENE:**

Co-Chairman Eric Poch called the meeting to order at 7:01 p.m. Co-Chairman Poch roll called members of the Finance Committee present at the December 14, 2020, Virtual Meeting.

**ITEM 1: Open the Meeting**

- Welcome and Member Roll Call
- Opening Remarks (Co-Chairs)

**ITEM 2: Public Comment**

There were no public comments.

**ITEM 3: Lincoln-Sudbury Regional High School: Budget Pressures**

Ron Brumback introduced this item and welcomed Bella Wong, Superintendent/Principal, Kirsteen Patterson, Director of Finance, and Ellen Joachim, Chair, Lincoln Sudbury Regional District School Committee. Mr. Brumback stated that L-S will do a budget presentation, they will respond to questions in Exhibit 1 and L-S will also respond to the Finance Committee's follow-up questions.

Ms. Wong presented the LSRHS Proposed FY22 Budget to the Finance Committee. She stated that she received guidance from the Town of Sudbury on December 7<sup>th</sup>. Ms. Wong began with a slide on COVID Funding outlining the amounts that were awarded to L-S totaling \$499,923. Ms. Wong presented details on what the budget does and on enrollment projections. Ms. Wong provided the details of the FY22 recommended budget. She stated that the Level service budget, including LS Academy, is \$35,329,792. She stated that

the Budget Guidance of \$34,864,792 reflects the Town of Sudbury providing 2.8% on the prior year budget and the Town of Lincoln providing 2.5% on what was appropriated last year, excluding OPEB, health insurance, and pension. She also stated that the funding gap between the Level Service budget and guidance is \$465,000. She noted that LS had only recently received the guidance and was still working on a strategy to close the funding gap. Ms. Wong shared the financial details of keeping students in the district through LS Academy. She summarized Financial Assumptions, out-of-district tuition, and special education transportation expenses. Ms. Wong presented a slide detailing the entire budget. She presented the FY22 Capital Request Items. Ms. Wong summarized the budget timeline.

Ms. Wong responded to Exhibit 1 questions. Ms. Wong shared information on pressures to the FY21 budget, which are COVID-related expenses (safety measures and temporary staffing) and out-of-district tuition. Ms. Wong stated that L-S has been able to cover COVID related expenses through state grants. She added that COVID related expenses are covered until the end of December and that L-S will start incurring expenses related to safety measures, staffing, and tuition after January 1. She stated that if L-S does not receive additional funding after January 1, L-S will use funding from the E&D account that has previously been approved.

Susan Berry asked if L-S has an estimate of what would be carried over in Circuit Breaker. Ms. Wong stated that L-S projected \$1,500,000 and is expecting \$1,400,000. She stated that L-S carried over a little more than \$1M and is \$650K over in the tuition line.

Ms. Wong continued with information on the new position added but not included in the budget. She stated that a new 1.0 special educator who splits their time between LS Academy and EXCEL was hired. She added that L-S reduced its teaching assistant staff by 1.5 FTE to compensate for this change. Ms. Wong stated that there is a chart that reflects the total number of actual and budgeted FTEs by position.

Ms. Wong responded to new initiatives for FY21 and FY22. She stated that LS Academy was launched as a new initiative in FY20. The cost for funding LS Academy was fully incorporated into the FY21 budget and there are no new initiatives planned for FY22. Ms. Wong provided details on the use of grants above \$50,000 received for FY21, as well as the likelihood of continuation, and change from the previous fiscal year. Ms. Wong provided the following information: METCO - \$609,876 projecting level funding and was level from FY20; IDEA - \$350,847 projecting level funding and was \$13,405 higher than FY20; and

Title I - \$54,219 projecting level funding and was \$17,905 higher than FY20.

Ms. Wong responded to OPEB questions. She stated that L-S is carrying \$383,109 in the current draft of the FY22 Budget but is currently projecting a funding gap of \$465,000 for FY22 and is working on ways to close that gap.

Ms. Wong provided detailed information for salary increases for FY22. She stated the L-S School Committee and L-S Teachers' Association ratified and approved a one-year agreement on December 1 effective for July 1, 2021, through June 30, 2022, for a new contract with a 0% COLA but there will be steps and lanes. She added that L-S projects a decrease of 4.9% in health benefits costs.

Ms. Wong summarized currently anticipated capital item request, which include the following: artificial turf field chain link fence \$130,082; Tennis court repair & resurfacing, \$39,533; 15-passenger student van \$39,533; Aerial Lift \$36,019; and Replace Community Field Turf \$675,000 50% LS, 50% Sudbury.

Ms. Wong stated there are costs saving in transportation due to COVID. She added that L-S is pretty much on budget for everything else except for tuition. She stated that everything cost more to run this year including supplies.

Ms. Wong provided data on actual student enrollment statistics versus budget. She presented the in-district numbers for the 5-year model, 10-year model, and actual enrollment. She presented out-of-district enrollment numbers as well.

Ms. Wong provided an update on 420 Lincoln Road. She stated that the last construction estimate was more than \$1M and that a decision was made to step back and review other funding options. She added that L-S has not reviewed this item since the school closure in March 2020. Co-Chairman Smigler asked if there would be enough capacity for demand. Ms. Wong stated that L-S has several programs that support students with Social, Emotional disabilities and that she did not believe LS would need capacity in LS Academy for more than twenty students. She added that if LS Academy did not exist students would be placed out-of-district.

Ms. Wong responded to additional budget pressure questions from the Finance Committee. Superintendent/Principal Wong thanked the Finance Committee for sending follow-up questions ahead of this meeting.

**ITEM 4: Updates from Town Manager and Finance Director**

- **State Guidance, Numbers validated (State Aid, E&D, etc.), Tax Classification, Quarterly financial reporting, other relevant updates**

Co-Chairman Smigler opened this item for discussion. Mr. Keohane stated that Governor Baker signed the FY21 budget today. He stated that it does not change anything for Sudbury. Mr. Keohane also stated that the Tax Classification is complete and has been submitted to the State. He added that he is hopeful that it will be approved this week.

**ITEM 5: General Business**

- **Approve Meeting Minutes**

There were no minutes to approve.

- **Budget Transfers and Other Business**

There were no Budget Transfers or other business.

- **Liaison Reports**

Susan Berry shared an update on the modified date for the SPS public hearing and vote on their budget.

- **Calendar Review**

Co-Chairman Smigler stated that Henry L. Hayes, Town Manager has confirmed February 22, 2021, for the Town Budget Hearing and Department Heads to present capital items. He stated that he is still waiting to hear back from the Select Board for February 23 and March 16<sup>th</sup>.

- **Future Agenda Items**

Co-Chairman Smigler suggested that the Finance Committee use the January 6, 2021 meeting to discuss the SPS and L-S budget meetings and vote on operating procedures and rules as well as start the discussion on the framework for the Financial Report.

Dennis Keohane shared his insight on suggestions to the Finance Committee to use January as a time to gather their information to develop its Financial Report before the Annual Town Meeting.

**ITEM 6: FY 22 Budget Update and Discussion**

- **[Overview from Dennis] 3-year revenue/expenditure projections and updated general fund balances (link)**

Co-Chairman Poch opened this item for discussion. The Committee engaged in a discussion on the 2020 Financial Condition of the Town. Susan Berry asked about the

projected reduction in local receipts for 2021. She also asked about Free Cash projections for FY21.

Mr. Keohane explained that approximately \$2.5M in debt service related to a school building project is retired but that there will be a net increase to debt service because of new projects. Susan Berry also asked about the Capital Stabilization fund and the extra \$250K that was voted on at Town Meeting.

Mr. Keohane responded to Co-Chairman Smigler's question about an updated debt schedule by project. Mr. Keohane noted that he would include that in the budget book.

Mr. Keohane responded to Ron Brumback's question on unused taxing capacity. Mr. Keohane stated that \$500K is an estimate of projected unused capacity for FY22.

Jean Nam asked if the debt can be broken out by project. Mr. Keohane replied that he can do that.

Susan Berry referred to the Capital Stabilization fund and noted that Town Meeting approved \$250K, which means that the fund should be at \$500K. Mr. Keohane replied that all the balances are the FY2020 balances.

Co-Chairman Smigler stated that real estate and personal property revenue has been growing about 4.09% year over year compared to total revenue which is growing at 1.8%. Mr. responded that the biggest component of this is the increase in debt service. Mr. Keohane stated that he will give the Finance Committee a breakdown on this. Co-Chairman Smigler asked if the Finance Committee can be copied on the quarterly financial reports the Select Board receives as described in the S&P report. Mr. Keohane responded that the Select Board does not receive such reports.

#### **ITEM 7: Finance Committee Reserve Fund Transfer Policy**

Co-Chairman Poch introduced this item. The Committee engaged in a discussion on suggested edits to the draft Reserve Fund Transfer Policy. Chairman Poch stated that he will add Susan Berry's edits as well as Michael Joachim's suggested edits to the document.

#### **Motion and Vote:**

Susan Berry moved, and Michael Joachim seconded the motion to adopt the Finance Committee Reserve Fund Guidelines as discussed, amended, and finalized.

Roll call vote:

Susan Berry, yes; Michael Joachim, yes; Scott Smigler, yes; Ronald Brumback, yes; Jean Nam, yes; Howard Feng, yes; Sonny Parente, yes; and Eric Poch, yes.

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

**ITEM 8: Committee Discussion**

- **Capital management including sub-committee update if available**

Co-Chairman Poch opened this item for discussion. A brief scheduling discussion took place. The sub-committee will meet on Thursday, December 17, 2020, at 7 pm.

**ITEM 9: Public Comment**

There were no public comments.

**ITEM 10: Adjournment**

**Motion and Vote:**

Ronald Brumback moved, and Scott Smigler seconded the motion that the December 14, 2020, Finance Committee meeting be adjourned at approximately 10:15 p.m.

**Roll call vote:**

Michael Joachim, yes; Scott Smigler, yes; Howard Feng, yes; Ronald Brumback, yes; Jean Nam, yes; Susan Berry, yes; Sonny Parente, yes; and Eric Poch, yes.

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

*The next scheduled meeting of the Finance Committee is Wednesday, January 6, 2021, at 7:00 p.m.*

*Submitted by Cheryl Gosmon*