

**Sudbury Finance Committee
Virtual Meeting Minutes
September 20, 2021**

ATTENDANCE

Members of the FinCom present for the Virtual Meeting were Co-Chair Scott Smigler, Co-Chair Eric Poch (7:53), Blair Caple, Susan Berry, Ronald Brumback, Michael Joachim, Jean Nam, and Sonny Parente

ALSO ATTENDING the MEETING

Dennis Keohane, Finance Director/Treasurer-Collector, Jennifer Roberts, Chair of the Select Board

CONVENE:

Co-Chair Scott Smigler called the meeting to order at 7:03 p.m. and roll-called members of the FinCom present for the September 20, 2021, Virtual Meeting.

ITEM 1: Open the Meeting

- Co-Chair Smigler stated that the FinCom meeting of September 20, 2021, is being recorded and shared live with the public via www.sudburytv.org and read the related Municipal Remote Meeting Disclaimer.
- **Opening Remarks (Co-Chairs)**
Co-Chair Smigler commented on challenges with meeting schedules over the last month and announced his intention to step down as Co-Chair but will remain on the Finance Committee. He suggested the appropriate thing to do would be to select a replacement Co-Chair. He noted this is not on the agenda for discussion at this meeting and he is not sure what Co-Chair Poch intends to do in light of this announcement, but surmised the appropriate way to handle it would be to discuss this at the next meeting to see if anyone is interested in serving in this capacity and vote on this at that time.

ITEM 2: Public Comment

There were no public comments.

ITEM 3: FinCom Budget Year FY23 (including but not limited to)

- **Review closed Fiscal Year information (budget to actual variance, etc.), including Free Cash balance.**
Co-Chair Smigler opened this item for discussion and yielded the floor to Dennis Keohane to report on the closed fiscal year.

Mr. Keohane stated that all FY21 year-end reports had been completed, and Free Cash has been certified at \$6,584,093. He summarized total FY21 expenditures, beginning with the Town Meeting approved budget of \$105,613,075, which left a positive budgetary variance of \$1,545,901. A brief discussion followed on FY21 encumbered totals and town-wide operating and transfers. Mr. Keohane also summarized total FY21 revenues and available funds. He stated that revenue came in higher than estimated. He stated that the FY21 estimated revenue of \$105,613,075 has been surpassed by a positive budgetary variance of \$3,612,962. A brief discussion followed on Real Estate/personal property taxes and Free Cash.

- **Finalize Budget Responsibilities and Calendar (Budget Pressures Meetings and Hearings, etc.)**

The conversation continued with a discussion on budget responsibilities and the budget calendar. Susan Berry made the following suggestions to the FinCom FY22 Budget Calendar:

- Schedule the L-S Budget Presentation for Monday, February 7, 2022
- Schedule the SPS Budget Presentation for Tuesday, February 15, 2022
- Schedule Town Budget Presentation on Monday, February 28, 2022,
- Reconciliation and Multiyear data spreadsheets due from L-S and SPS on December 31, 2021
- CIAC report needed before joint meeting with Select Board
- Confirm dates for the Capital Night meeting and schedule a meeting for the end of June or early July for any needed Reserve Fund Transfer request

Co-Chair Poch suggested moving September 20th agenda items to the October 4th agenda. A general discussion followed to focus the conversation on October 4th to set agenda for the December Budget Pressure meeting by discussing FY22 events that might impact FY23 and identifying FinCom's questions for the Budget Hearing meetings.

ITEM 4: Review of Relevant Select Board progress on:

- **Financial Policy(ices)draft and potential impact on the budget process**

Co-Chair Poch opened this item for discussion asking Dennis Keohane to explain the budgetary aspects of the Town of Sudbury Financial Policies draft. Mr. Keohane stated the document does not contain anything that would significantly impact the budget process adding that the draft policies

enhance existing policies and procedures for active funding levels.

FinCom began its review of the draft financial policies with a conversation on the introduction statement. Michael Joachim expressed concern regarding "Sustaining a consistent level of service and value for residents." stating that times change, needs change, and services may need to improve, not merely stay level over time. The Committee discussed this concept and drafted a suggestion.

The conversation continued with a discussion on Financial Reserves. Mr. Joachim referred to the paragraph on Protection of Credit Rating stating this section is not clear in terms of the use of reserve funds. He suggested the document as a whole should define the three purposes for the reserves: to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. He also suggested that it would be helpful if the policies include FinCom to also receive financial reports regularly and timely as referred to in the document. A general discussion followed on the Free Cash, Special Stabilization Funds, including specifics on capital stabilization and turf stabilization fund policies. FinCom engaged in a detailed conversation on the turf stabilization fund, expressing their concern on whether this fund account is needed. Mr. Keohane noted that the DLS Report recommends not having Specialized Stabilization Funds. He stated that the way the turf stabilization fund has been set up is that Cutting Field would be the only field that qualifies for the use of the fund. He added that there is no harm in keeping this fund even though it goes against the DLS recommendation. Mr. Joachim stated that he would recommend that the Select Board re-think continuing the turf stabilization fund adding there are other ways to maintain funds for stabilization of the turf fields.

The conversation continued with a discussion on Revenue Guidelines. Susan Berry expressed that the guideline of 1% for new growth to capital within the general fund may not be the right percentage. Jean Nam stated that there should not be specificity on how new growth gets divided because of the amount of new growth varies. Mr. Keohane explained that 1% is an extremely high growth number, and the intent is that it should be allocated to capital. After a brief discussion, FinCom suggested taking out the paragraph on new growth because it does not offer flexibility. Ms. Berry also commented on the priorities for Free Cash suggesting

prioritizing the capital stabilization fund over the annual capital spending fund. She added that it is important to build up the capital stabilization fund. Co-Chair Smigler stated he would not agree on prioritizing the capital stabilization fund because there is not enough confidence in the Town's capital planning policy as it stands today. FinCom suggested revised language to the enterprise funds section to provide clarity on what service costs the fees would cover. FinCom also suggested revised language to the Financial Forecast section to include language to ensure that operating budgets capture small maintenance items versus capital improvement items.

The conversation continued with a brief discussion on the overlay. Ms. Berry suggested that this policy include a date or timeline as to when the Select Board should receive an update from the Board of Assessors on the balance of the overlay account. She added that the date should be before the Tax Classification Hearing.

FinCom continued their conversation with a discussion on Debt Management. Co-Chair Poch pointed out inconsistencies in the debt financing section and made suggested revisions for FinCom's consideration. After some discussion and comments from Jen Roberts and Dennis Keohane, FinCom concluded that more specific information is needed for #7 in the Dept Financing section.

FinCom continued its discussion on Capital Assets. Ms. Berry expressed that there are overall inconsistencies in the Capital Improvement Plan (CIP), adding the use of CIP funds is inconsistent and unclear with language on the capital stabilization policy on page 5. After discussion FinCom suggested revisions to language on page 5 to align with the CIP on page 16, as well as revisions to the section on Reporting. FinCom further suggested clarity on what capital items the 6% would include. Ms. Nam stated that there needs to be clarity on CPA funding for projects that qualify. A general discussion followed on the importance of CIP 5-year and 15-year planning.

- **Review Capital Project KPI Reports**

This item was deferred to the next meeting.

ITEM 5: Capital Program

This item was deferred to the next meeting.

ITEM 6: Review / Vote to Adopt or Amend FinCom's Rules and Operating Procedures

Co-Chair Poch opened this item for discussion. The Committee discussed minor changes. Susan Berry noted that the Select Board at their last meeting discontinued the Budget Strategies Task Force and added the list of Committees and Liaison Roles would need to be adjusted to reflect this change.

Motion and Vote

Susan Berry moved, and Ronald Brumback seconded the motion to approve the FinCom Rules and Operating Procedures with an edit to remove the Budget Strategies Task Force.

Roll call vote:

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

The motion carried. The vote was unanimous.

ITEM 7: General Business

- **Approve Meeting Minutes**

Motion and Vote

Michael Joachim moved, and Susan Berry seconded the motion to approve the meeting minutes of July 19, 2021, and August 9, 2021, as amended.

Roll call vote:

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

The motion carried. The vote was 6 yes and 1 abstention.

- **Organization / Membership**

Members engaged in a brief discussion of this item. Co-Chair Poch stated his preference is for the Co-Chair model. This item will be voted on at the next meeting.

- **Transfers and other business**

There were no transfers or other business.

- **Calendar**

This item was discussed earlier in the meeting.

- **Future Agenda Items**

Co-Chair Smigler stated that a citizen reached out to him requesting to do a presentation on the comprehensive plan related to the Bruce Freeman Rail Trail. Co-Chair Smigler stated that he would like FinCom to hear the presentation,

and he supports this item to be included on the agenda for the next FinCom meeting.

Co-Chair Poch stated that he promotes giving time to hear from citizens on issues within FinCom's purview, although he is not aware of anything in the plan as of yet within FinCom's purview. A brief discussion followed. Co-Chair Poch suggested that members review the document to determine if it should be placed on future agenda.

ITEM 8: Public Comment

There were no public comments.

ITEM 9: Adjournment

Motion and Vote:

Ronald Brumback moved, and Jean Nam seconded the motion that the September 20, 2021, Finance Committee meeting be adjourned at approximately 10:39 p.m.

Roll call vote:

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

The motion carried. The vote was unanimous.

The next scheduled meeting of the Finance Committee is Monday, October 4, 2021, at 7:00 p.m.

Minutes Prepared by

Cheryl Gosmon