

**Sudbury Finance Committee
Virtual Meeting Minutes
November 6, 2023
7:00PM**

ATTENDANCE

Members of the Finance Committee present were: Co-Chair Joachim, Susan Berry, Colin Wang, Ryan Lynch, Henry Sorett and Maura Carty.

ABSENT

Andrew Bettinelli, Mike Ferrari and Co-Chair Poch

ALSO ATTENDING THE MEETING

Finance Director Dennis Keohane and Town Manager Andrew Sheehan

Open the Meeting

ITEM 1: Welcome and Member Roll Call

Co-Chair Joachim called the meeting to order at approximately 7:00PM, declared a quorum present and roll-called members present. He stated that the meeting is being broadcast live and recorded for viewing by the public. He read the Municipal Remote Meeting Disclaimer.

- **Opening Remarks by Co-Chairs**

There were no opening remarks.

ITEM 2: Public Comment

There was no public comment.

ITEM 3: Discuss Fall Town Meeting

- **Follow-up discussion of Town Meeting and lessons learned**

Mr. Sorett stated that, for the purpose of getting a better understanding on the fee issue, he asked for specific data: a) how much in fees were received last year in relation to the fee charged and the service provided; b) was the fee in proportion to the cost of the government rendering the service, and/or if there was no service provided; c) how many fees can be eliminated, how many reduced, and what the argument is for increasing and capping the increase; and d) what was the amount received in 1979, the last year before Proposition 2.5%, and whether the fees provide any value to the person being asked to pay. He cited the case he had worked on for the City of Boston where the fees charged to respond to fire calls were struck down as not being an appropriate fee. He added that “if a bureaucratic barrier is erected and a fee is charged to climb over that barrier, there is no value provided to the person charged that fee.” The elimination of the fee or the barrier needs to be considered.

Town Manager Sheehan stated that his predecessor had compiled a complete list of fees. Mr. Keohane will generate a report as far back as 2010 in each fee category, but not as far back as 1979. He will provide it at the next meeting.

Mr. Sorett noted that the argument at Town Meeting was that the Town’s fees were less than surrounding towns. He will research other towns once he has received the Town’s data.

Other suggestions for information included the following:

- Have balances of stabilization funds and free cash available before Town Meeting.
- Ensure information is available to FinCom before votes on articles.
- FinCom avoid voting on articles the same night as it hears presentations.
- Comments for rationale for votes was helpful and contributes to the debate.
- There should be at least 2 voting in the minority for a minority report to be given.
- All votes in the minority should be given additional clarification for the benefit of the average voter and encourage dissent.

ITEM 4: Review FY23 Final Revenue and Expenditures

Town Manager Sheehan began the discussion on the FY23 final revenue and expenditures budget.

Discussion ensued including the following highlights:

- Declining enrollment in the vocational school.
 - Sudbury not being a member of the district creates downward pressure on enrollment.
 - Enrollment numbers are published in October providing insight into following year for budgeting purposes.
- Health benefits for retirees are approved at Town Meeting as employee benefits and transferred to OPEB trust fund for payment of funds.
- Local receipts are budgeted conservatively since numbers fluctuate year to year and overage goes to free cash; Mr. Keohane to provide breakdown of \$2.4 in funds.

ITEM 5: FY25 Budget Process

- **Meet with Town Manager to discuss Town finances, capital planning and FY25 budget plans (revenue forecasts and guidance to cost centers as available)**

Co-Chair Joachim asked the Town Manager for his thoughts on the Town budget. He responded as follows:

- “No shortages of challenges facing us,” the biggest of which is the revenue and not the spending picture.
 - Compared to other communities the Town is understaffed in comparable positions and departments and is not “bloated” in any way.
 - Town does not have a large commercial/industrial base, i.e. no hotels like Wayside and Fairfield that contribute to the meals/room local tax.
- Town does not spend on capital what “we should be spending” as generally accepted practical target.
- A number of identified but so far unmet needs identified a few years ago by his predecessor.
- The presentation to the Select Board next week will be more comprehensive.

In response to Mr. Sorett’s question on consideration of downsizing and privatization, Mr. Sheehan stated that nothing is being ruled out. Privatization in the area of turf maintenance has been successful and there may be other potential areas. The Town runs several enterprise funds that “act” as an independent business unit, but nevertheless it is challenging to outsource operations functions. In the case of privatization of ambulance services, the Town uses a portion of ambulance revenue to offset revenue of the Fire Department. There are staffing needs to man three stations, and eliminating the ambulance from revenue may not have an equal tradeoff in terms of savings.

Co-Chair Joachim noted that the approach to the operating budget has been the prior year base for each of three cost centers plus adjustments of around 3.0%. In response to his question on whether a zero-based budget would be the better approach, Mr. Sheehan stated that, while the FY25 budget would be processed as in the past, he and his colleagues are looking at going forward with a zero based budget in following years. A fresh start would offer what is actually being spent. What

“gives (him) pause” in that regard is the low number of free cash for the size of the budget. He added that in other communities in which he has worked with a smaller budget, the free cash number was not so different than the Town’s. If there was a bloated operating budget, that would be reflected in the amount of free cash.

Mr. Sheehan noted that the Town should be spending more on its capital budget of at least in the \$6-7 million range, and the Town is nowhere close to that number. The capital budget cannot be sacrificed any longer to fund the operating budget. Pushing back funding for a year on capital projects constitutes a damaging approach for the community.

Co-Chair Joachim asked if there would be borrowing options to fund capital projects in the spring like Atkinson and the Nixon roof. Mr. Sheehan noted that one of the criticisms of the 2020 DLS report was that the Town was relying too heavily on debt exclusions. While the borrowing environment was excellent five years ago for short-term debt, the present environment does not offer an opportunity for prudent investment. In the event that changes, the Town must be ready to “embrace all options” including the consideration of borrowing to finance capital items.

In response to Mr. Lynch’s suggestion to inform the community of what the annual economic outlay would be for the average individual as a model for debt exclusion, Mr. Sheehan stated that the assessors will be joining the Select Board on December 5th for the tax classification hearing to determine the tax rate and the impact on the 2.5% operating override on debt exclusion and capital exclusion.

- **Prepare for budget pressures meetings**

Co-Chair Joachim stated that the purpose of the budget pressures meeting was to discuss the current year budget and pressures emerging that may have implications not only in the current year but the subsequent year. The pressures meetings will be held in December in preparation for the February hearing on the subsequent year’s budget.

He reviewed the draft of the letter to be sent to departments outlining the schedule and containing questions in advance of the budget hearing. It was to be accompanied by a spreadsheet asking cost centers to fill out background data.

Discussion ensued. Mr. Sorett asked that LS address the value being derived from the solar array. He also mentioned that when the Nixon roof proposal is submitted, he will be looking for an inclusion of solar panels and asking “why” if not included.. Co-Chair Joachim stated that Mr. Ferrari as liaison could ask the question as well as Ms. Berry of SPS.

Following discussion on changes to the draft letter, it was the consensus of the FinCom to authorize Co-Chair Joachim to finalize the letter according to member input for distribution to the cost centers. The spreadsheet of information can be submitted to the cost centers at a later time.

- **Discuss review of capital projects**

Co-Chair Joachim noted that the two proposed capital projects are Atkinson and the Nixon roof. Mr. Sorett considered them “maintenance capital” as opposed to “new” capital. He was opposed to the proposals of two new capital projects until debt had been paid down.

Both Ms. Berry and Ms. Carty asked for the status of capital projects voted on but not yet closed on a yearly basis. Mr. Keohane will provide this report.

ITEM 6: General business

- **Transfers and other business**

There were none.

- **Liaison reports**

Ms. Berry reported that a 4.69% increase has been approved for the cost of placement centers, both out of district in FY25, which will affect both LS and SPS. She received information about the bus revolving fund which she will send to the committee members.

- **Calendar**

Next meeting Monday, November 27th

- **Approve meeting minutes of October 5, 2023**

Upon motion duly made by Ms. Carty and seconded by Ms. Berry, it was unanimously voted to approve the minutes of October 5, 2023 as amended. Co-Chair Joachim-Y, Ms. Berry-Y, Mr. Wang-Y, Mr. Lynch-Y, Mr. Sorett-Y and Ms. Carty-Y. Motion carried 6-0, unanimous.

ITEM 7: Public comment

There was none.

ITEM 8: Adjournment

Upon motion duly made by Mr. Sorett and seconded by Ms. Berry, it was unanimously voted to adjourn. Co-Chair Joachim-Y, Ms. Berry-Y, Mr. Wang-Y, Mr. Lynch-Y, Mr. Sorett-Y and Ms. Carty-Y. Motion carried 6-0, unanimous.

The meeting was adjourned at 8:40PM

Respectfully submitted,

Christine Martin Barraford
Recording Secretary