

**Sudbury Finance Committee
Virtual Meeting Minutes
November 27, 2023
7:00PM**

ATTENDANCE

Members of the Finance Committee present were: Co-Chair Joachim, Co-Chair Poch, Andrew Bettinelli, Mike Ferrari, Susan Berry, Ryan Lynch, Henry Sorett, and Maura Carty.

ABSENT

Colin Wang

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 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: FY25 Budget Process

- **Prepare for budget pressures meetings**

Co-Chair Joachim stated that the purpose of the budget pressures meetings is not to address the FY25 budget but to look at pressures in the current year's budget and consider whether they will extend into the following year. The SPS meeting will be held on December 5th and the LS meeting on December 18th. He reviewed the letter sent to both schools.

Following discussion it was agreed that Ms. Berry will ask SPS on which line item the additional Chapter 70 monies voted at Town Meeting will be included, and Mr. Ferrari will request of LS a current five-year capital plan. Mr. Ferrari noted that at Mr. Sorett's urging he had asked LS for more information on solar issues in their presentation.

Both liaisons will conduct the budget hearings of SPS and LS respectively.

- **Discuss Town Manager's presentation to Select Board on financial conditions of Town-2023**

Co-Chair Joachim reviewed the Town Manager's presentation to the Select Board on the financial conditions of the Town. Discussion ensued including the following highlights:

- Of the \$6M in local receipts, what is the breakdown of fees. Mr. Keohane will provide a specific breakdown of the fees.
- The change in debt year over year.
- Consideration of the budget pressures on senior citizens on fixed incomes.
- Role of the FinCom is to consider the needs of the municipality to achieve all of the activities and support that is required, while balancing the impact on taxpayers.
- In that role the FinCom keeps an eye out for the most value for any requested funds that are valid and necessary to support the needs of the municipality.

Co-Chair Joachim reviewed the Town Manager's presentation.

Mr. Ferrari, referring to the Town Manager's comment that the Town is spending "much less on capital than it should be" asked how he planned to address the problem long-term. Mr. Sheehan stated that the Town is faced with a backlog of capital needs and spending, and that much of the debt the Town has is excluded debt, so that when it is retired, while the taxpayer may benefit from its no longer hitting the levy, it does not free up room in the budget to take on more debt and capital projects. While not a simple task, the Town is working through options on how to get to the 6% goal annually.

In response to Ms. Carty's request for a list of backlogged capital projects and monetary value, Mr. Sheehan stated that the assets are not always visible, like HVAC units, underground utilities, drainage road and sidewalk repair, etc. On the definition of capital, he said that the threshold value of capital projects varies from town to town.

In response to Mr. Ferrari's question on the impact of undertaking capital projects on the Town's AAA bond rating, Mr. Sheehan answered that the bond rating agencies want to see that the Town is able to borrow and meet obligations. Routinely issuing debt and honoring debt puts the Town in a strong position to maintain the AAA rating. However, there is a point at which the rating agencies may have concern about the Town's ability to meet obligations if it undertakes many new projects in a short period.

Mr. Keohane stated that the Town has a significant number of large projects at a relatively low interest rate and not in danger of a downgraded rating.

Other topics of discussion included the following highlights:

- Use of free cash on one-time capital projects is not sustainable and not a reliable source from a financial stability standpoint.
- Town needs a consistent annual plan for capital projects.
- DLS recommended in 2020 that the Town put more capital maintenance into operating budget, enabling the Town to respond to maintenance on a regular basis which would ensure operability and negate the necessity for waiting for a Town Meeting capital budget vote to undertake the project.
- Capital stabilization fund created to reach a minimum of \$2M before withdrawal of funds.

ITEM 4: Town Fees

Co-Chair Joachim asked Mr. Sorett to address his concerns on Town fees, at the conclusion of which members would provide feedback whether to pursue as a FinCom concern.

Mr. Sorett stated that as a FinCom member he needed to get a handle on what financial impositions are created on residents and those doing business as to whether a) the fees are tokens to pass go and no municipal services are provided and therefore illegal; b) the work done is compensatory with the fee or whether proportional; and c) the growth of fees should be capped as an analog to Proposition 2.5. He added that the FinCom should be conscious of how much fees are adding to the cost of government and be involved in capping or limiting them as aggressively as possible, just as it "keeps track of taxes growing."

Discussion ensued. Mr. Lynch stated that, notwithstanding the issue as a worthwhile endeavor, he questioned whether with all the competing priorities this was a correct use of the FinCom's time.

Town Manger Sheehan noted that, insofar as the article failed at Town Meeting, he would be bringing an article to increase certain fees at the May Town Meeting, and the FinCom could weigh in at that time.

Mr. Keohane stated that, while he is compiling an exact breakdown of fees, of the \$1-2M received annually, two-thirds relate to motor vehicle excise taxes and 2.5% to meals and room tax.

Discussion ensued on the topic including the following highlights:

- Given the small portion of revenue, until presented with evidence that an issue needs to be looked at as information becomes available, this is not the correct use of FinCom's time.
- FinCom does not have the purview to monitor departments, and many of the departmental fees are overseen by committees.
- FinCom will advise Town Meeting of its recommendation on specific warrant articles on fees.

The committee concluded that it would not pursue the issue of fees, noting that Mr. Sorett could do so personally.

ITEM 5: FinCom Rules and Operating Procedures

- **Discuss minority reports**

Co-Chair Joachim reviewed the FinCom Rules and Operating Procedures with regard to Voting Procedures for majority and minority reports. Discussion ensued including the following highlights: a) the quantum of members in a vote that constitute a minority, i.e. two or three; b) following a vote on an article does the FinCom vote to allow a minority report; c) insofar as the FinCom has specialized knowledge that the average voter does not, not allowing a dissenting minority report may do a disservice to the voter; and d) alternative of dissenting member to speak personally on the floor of Town Meeting.

Following discussion it was agreed that Mr. Bettinelli will rewrite a draft of the policy provision and present it to FinCom for further discussion at a later meeting.

ITEM 6: General business

- **Transfers and other business**

There were none.

- **Liaison reports**

Ms. Carty – fire station going well and is 84.7% complete.
Fairbank Center working on change orders and overall budget.

Ms. Berry – SPS

- Statement of interest to MSBA on Nixon roof can be submitted as early as January 1.
 - Net student enrollment up N22-25 with reduction of 19 at Curtis with increases at lower grades;
 - Committee members' budget priorities for FY25 – current recovery response in staffing; challenges of MCAS data; explore long term mental health and ESL support; expansion of preschool; implementation of ELA curriculum; expanding experiential learning; world languages, and curriculum review and potential data tools.
 - Once the facilities condition report is received, there are likely to be changes to the five-year capital plan.
 - Possibility of Cold Brook Crossing additional mitigation payment based on total number of K-12 students added.
- **Calendar**
Tuesday, December 5th – SPS; December 18th – LS.
January 8 and 22
SPS hearing on February 15th
 - **Approve meeting minutes**
Tabled to next meeting.

ITEM 7: Public comment

The SPS hearing date of February 15th was confirmed.

ITEM 8: Adjournment

Upon motion duly made by Ms. Berry and seconded by Co-Chair Poch, it was unanimously voted to adjourn. Co-Chair Joachim-Y, Co-Chair Poch-Y, Mr. Bettinelli-Y, Mr. Ferrari-Y, Ms. Berry-Y, Mr. Lynch-Y, Mr. Sorett-Y, and Ms. Carty-Y. Motion carried 8-0, unanimous.

The meeting was adjourned at 9:05PM

Respectfully submitted,

Christine Martin Barraford
Recording Secretary