

**Sudbury Finance Committee
Virtual Meeting Minutes
January 8, 2024
7:00PM**

ATTENDANCE

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

ABSENT

Colin Wang and Henry Sorett

ALSO ATTENDING THE MEETING

Town Manager Andrew Sheehan and Finance Director Dennis Keohane

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

This meeting is to discuss the first draft of the annual report and the budget guidance the Town issued to three cost centers.

ITEM 2: Public Comment

There was no public comment.

The following item was taken out of order to accommodate Mr. Sheehan's schedule.

ITEM 4: FY25 Budget Discussion

Discuss Budget guidance and capital planning

Town Manager Sheehan explained the budget guidance process for the three cost centers including the following highlights:

- Budget guidance initially released to three cost centers on November 30th.
- Revised guidance issued as a result of certification of new growth from Division of Local Services (DLS.)
- Adjusted guidance for SPS up to 3.22%, for the Town up to a little above 4%, and LS stayed at 3.92%.
- Change last year to include Medicaid reimbursement and continues this year.
- Lookback at half dozen years, only one year where all three cost centers received the same guidance.
- Guidance for Chapter 70 funds reflects a \$60/per student increase and is built on top of revised SPS budget following special town meeting in October.
- On LS side gave them credit for acknowledging increase to their budget but did not go back for supplemental appropriation on their budget after spring town meeting.
- On Town side, additional funds were taken out of the ambulance receipt reserve for revenue received from operation of two ambulances and goes into a dedicated account to offset operation of the Fire Department.

Discussion ensued including the following highlights:

- The process for certification of new growth is a similar process to certification of free cash, with the difference being it is part of the tax recap process at the end of the year and is used in the calculation of the new tax rate.
- Motor vehicle excise taxes were high, despite expectation that they would decline. In FY23 came in just shy of \$4M, down about \$140K from previous year but still strong.
- Receipts from building permits continue to be high as a result of the construction at Cold Brook Crossing coming in at \$1M up about \$90K from previous year.
- Chapter 70 funds were high last year and are expected to go higher, so the increased receipts per pupil is estimated at \$60/student.
- New growth through property taxes doubled from \$990K to \$1.7M.
- At the request of SPS, Medicaid funds in the amount of \$150K were applied to the FY23 budget, the amount that was received in FY22; however, the amount received was \$98K.
- The aggregate increased amount of Chapter 70 funds is \$200K for a total of \$3.9M.
- In the next few weeks the Governor will reveal the proposal for local aid and Chapter 70 funds which acts as the floor for local aid projection in the budget.
- Growth in employee benefits and insurance rising faster than 3%; with costs growing in excess of 3%, it becomes more challenging to prepare a level service budget; concern was expressed for being able to prepare a level service budget in FY26.
- Town will tax close to the levy limit but maintain a cushion of \$300-400K.
- Local receipts are estimated on a five-year average at 90% with the exception of building permits which fluctuate and are estimated at 60%; with completion of construction of Cold Brook and Meadow Walk fees are anticipated to return to \$500-600K level.
- Estimation of revenue and resultant free cash is within state suggested levels.

Town Manager Sheehan summarized the difference in guidance to SPS and the Town including the following highlights:

- Guidance across centers has rarely been the same.
- Decision was made to use more revenue from ambulance receipts for exclusive use of the Town and assumed increase from Chapter 70 funds and decrease in Medicaid applied to SPS.
- Increase to LS guidance based on floor of Chapter 70 budgetary adjustment.
- It is typical for the final actual to be different from guidance as things change as we go through the cycle of budgeting.
- FY24 guidance for SPS was 3.62% and the final actual budget increase was 5.9%.

Town Manager Sheehan then addressed capital planning including the following highlights:

- There are fewer capital requests within the Town Manager Capital Budget as inflation has resulted in more projects exceeding the \$100K threshold.
- No requests from the Fire Department as capital exclusion was passed on vehicle last year.
- The facilities assessment will be completed this year.
- It is anticipated that FY25 capital budget will be quite different from FY26.

Discussion ensued including the following highlights:

- Part of increase in new growth was allocated to capital in the amount of \$450K for a total of \$1.7M.
- The Atkinson Pool project is expected to be covered in the levy and not as debt exclusion.
- Target for completion of the budget book is January 31st and capital planning night is scheduled for February 12th.

FinCom discussion

Mr. Ferrari suggested as part of the entire budget process, inviting the department heads to make presentations on their individual budgets, their goals and priorities. Discussion ensued and it was agreed that Co-Chairs Joachim and Poch will confer with the Town Manager on the idea.

ITEM 3: Preparation of 2023 Annual Report

Mr. Ferrari began the review of the draft of the 2023 Annual Report. Using the prior year's annual report as a template, he summarized activities as well as the position of Committee on warrant articles where there was deliberation/division on the final vote.

Discussion ensued on the details included on votes in the report. Insofar as the report is intended to be a "year in review," and details of votes are contained in minutes and other documentation, it was agreed that encapsulating a high-level review of sources of funding and creativity around paying for certain projects would be appropriate.

Chair Joachim asked members to review the draft individually and provide feedback to him and Mr. Poch, for a final review and vote at the next meeting.

ITEM 5: General business

- **Transfers and other business**

There were none.

- **Liaison reports**

Ms. Berry – SPS voted its budget within the Town Manager's guidance.

- **Calendar**

January 22 – regular remote meeting

January 29 – budget hearing for LS

January 31 – budget book available

February 12 – joint capital meeting with Select Board and CIAC

February 15 – budget hearing for SPS

February 26 – budget hearing for Town

March – consideration of return to in-person meetings

- **Approve meeting minutes of October 19, 2023**

Following discussion, it was agreed that Chair Joachim will ask the Recording Secretary to revise these minutes to reflect the full deliberation of the Committee.

ITEM 7: Public comment

There was none.

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, Mr. Ferrari-Y, Ms. Berry-Y, Mr. Lynch-Y, Co-Chair Poch-Y, Mr. Bettinelli-Y and Ms. Carty-Y. Motion carries 7-0, unanimous.

The meeting was adjourned at 8:49PM

Respectfully submitted,

Christine Martin Barraford
Recording Secretary