

Sudbury Finance Committee
Virtual Meeting Minutes
January 29, 2024
7:00PM

ATTENDANCE

Members of the Finance Committee present were: Co-Chair Michael Joachim, Co-Chair Eric Poch, Colin Wang, Henry Sorett, Andrew Bettinelli, Mike Ferrari, Susan Berry, Ryan Lynch, and Maura Carty. No members were absent.

ITEM 1: Welcome and Member Roll Call

Co-Chair Joachim called the meeting to order at approximately 7:00 pm, roll-called members, and declared a quorum present. He read the Municipal Remote Meeting Disclaimer.

Opening Remarks by Co-Chairs

Co-Chair Joachim noted that this meeting would include the FY25 Budget Hearing with Lincoln Sudbury Regional High School (LSRHS.)

ITEM 2: Public Comment

There was no public comment.

ITEM 3: LSRHS FY25 Budget Hearing

Co-Chair Joachim welcomed Andrew Stephens, LSRHS Principal/Superintendent and Kirsteen Patterson, LSRHS Finance Director. Mr. Stephens thanked all contributors to the preparation of the budget, and he and Ms. Patterson reviewed a presentation including the following items:

- LSRHS FY25 Proposed Budget.
- Contents.
- Guiding principles.
 - School goals.
- Budget overview/priorities.
- Enrollment projection.
 - October 1, 2023 enrollment.
- Financial assumptions.
- Out-of-district placements four-year trend.
 - Tuition and transportation expenses.

Discussion ensued including the following:

- Out of District expenses
 - Committee members asked for clarification on the number of out-of-district students and were informed that the number of 60 out-of-district students in FY24 has been projected down to a “guesstimate” of 50 students in FY25. It is expected that tuition will increase to \$7.7M.
 - Since the current year was a “bubble year” with out-of-district rates for tuition at a significant high increase of 14%, the district is looking to utilize a higher amount for the circuit breaker offset for a mitigation increase in the next fiscal year 2025.
 - The amount of \$3,050,00 is a conservative projection for reimbursement.
 - The athletic transportation is listed as a separate line item from transportation in the operating budget as it is not eligible for reimbursement.

- o Regardless of the number of students, the anticipated cost of out-of-district placement tuition in FY25 is \$6.7M for tuition and \$1M for transportation.
- o After the \$3M funds are expended, it is anticipated that there will be \$700K for unanticipated expenses to carry over to the following year.
- Preliminary FY25 budget request of 3.4% and budget guidance of 3.81%.
 - o District relied on Sudbury budget guidance not Lincoln.
 - o Total operating budget is 3.92% and with reduction of bond payment comes to 3.81%.
 - o While budget request is going up 3.4%, on a per pupil basis it is going up 4%.
 - o In the next few years when enrollment drops, variable and fixed costs need proper management to maintain relatively consistent per pupil cost.
 - o Even though the district has had very close predictions in the past few years in terms of actual and projected enrollment, the hope is that the decrease in the next few years will not be as consequential as one-hundred students and programming will not be impacted. The district felt it important to be prudent in its request and ask for what it needs now and it may have to ask more in future years to cover need or gap.
- Review of preliminary figures by category.
 - o 10-15% projected increase in health insurance varies according to employee's choice of health insurance plan.
 - o When debt service is drawn down, the intention is to use space in the budget for roof replacement; annual inspections have revealed "hot spots" on the twenty-year old roof and planning needs to be done to fit construction timeline for the summer.
 - o Suggestions for changes in the format to displaying expenses on the top and offsets on the bottom leaving the amount to be funded by the towns will be considered for next year's budget.
- Other items:
 - Three capital items previously requested were removed: the boiler, van and dump truck.
 - Stairwells have been approved by LSRHS committee for the second phase of construction.
 - E&D uncertified at \$1.4M for 2023 closeout.
- Solar Array
 - o Mr. Sorett stated that he had read the contract for the solar array in the parking lot and asked for clarification of the terms thereof. Insofar as the contract contemplates payment, if the district is not getting paid, the matter should be referred to Town Counsel. If the district is being paid in kind by solar credits and a discounted rate, that too should be reflected in the statement. Consideration should also be given to the termination of the contract if the Town is not benefiting financially by at least \$1M. He also urged the district to consider making the next roof replacement solar ready as the DPW and transfer station have already done.
 - o Ms. Patterson stated that she in fact has reached out to the vendor for a statement covering a two-year lookback in terms of actual production and cost. She assured the Committee that the district is not in fact receiving any income from the vendor, and there is no direct revenue correlation.
 - o Co-Chair Joachim reiterated the importance of quantifying how much savings there is in energy costs, and thus be guided accordingly in next steps. Ms. Carty noted that it is important to know when the contract expires if the Town is facing an energy cost

increase. Mr. Ferrari noted the importance of knowing if the Town is using more energy than being produced or vice versa.

Co-Chair Joachim thanked the LS team for its presentation.

ITEM 4: FY25 Budget Discussion

Co-Chair Joachim raised the question of why LS was requesting a 3.4% increase in its budget when Sudbury's guidance allowed for 3.81%. He noted that LS could use the extra funding to, for example, lower its circuit breaker offset against out-of-district expenses and thereby maintain a higher reserve against unexpected expenses.

Ms. Berry noted that the amount is what they need for level services, and to do anything more than they need could result in complications in a subsequent year. For example, if the extra money were spent on additional school staffing and costs continued to increase because of inflation while enrollment decreased, LS might find itself in a position to have to lay off teachers. Mr. Lynch appreciated the fact that in this way they are "walking the actual budget" for managing anticipated decreased enrollment.

The Committee discussed the management of declining enrollment, taking into account trends seen across both SPS and LS.

In answer to Mr. Sorett's question for clarification on the agreement with the developer of Cold Brook Crossing and any provision on the impact of increasing school enrollment over a certain threshold, Finance Director Keohane stated that the agreement addressed increases in total population, not school population.

Mr. Ferrari expressed concern that, insofar as there will be a gap in the \$1M range in out of district tuition, the \$700K carryover over in circuit breaker funds might not be sufficient. Co-Chair Joachim agreed, adding that SPS carries over \$1M+ on a much smaller OOD budget than LS.

Ms. Carty noted that the Committee's "information is all in different places" and began the discussion on ways to organize the information in a better way. Ms. Berry suggested moving documents from the shared meeting folders to the appropriate budget folder and assigning members to do this following meetings. The Committee agreed to continue discussing this issue.

ITEM 5: General business

- **Transfers and other business**
There were none.
- **Liaison reports**
Ms. Berry reported that the four SPS articles discussed at the last meeting will be on the warrant.
- **Calendar**
January 31 - budget books/capital items/SPS released
February 8 - prepare for capital meeting
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 and December 18, 2023; January 8 and 22, 2024**

Upon motion duly made by Co-Chair Poch and seconded by Ms. Berry, it was unanimously voted to approve the minutes of October 19, 2023; December 18, 2023 as amended; January 8, 2024 as amended; and January 22, 2024 as amended. Co-Chair Joachim-Y, Mr. Wang-Y, Mr. Ferrari-Y, Ms. Berry-Y, Mr. Lynch-Y, Co-Chair Poch-Y, Mr. Sorett-Y, Mr. Bettinelli-Y and Ms. Carty-Y. Motion carries 9-0, unanimous.

ITEM 6: Public comment

There was none.

ITEM 7: Adjournment

Upon motion duly made by Mr. Sorett and seconded by Co-Chair Poch, it was unanimously voted to adjourn. Co-Chair Joachim-Y, Mr. Wang-Y, Mr. Sorett-Y, Mr. Ferrari-Y, Ms. Berry-Y, Mr. Lynch-Y, Co-Chair Poch-Y, Mr. Bettinelli-Y and Ms. Carty-Y. Motion carries 9-0, unanimous. The meeting adjourned at 9:41PM.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary