

Sudbury Finance Committee
Virtual Meeting Minutes
March 2, 2026
7:00PM

ATTENDANCE

Finance Committee Members Present:

Co-Chair Michael Ferrari, Co-Chair Michael Joachim, Andrew Sousa, Karl Fries, Andrew Bettinelli, Henry Sorett, Ryan Lynch, John Baranowsky, and Eric Poch (arrived late).

Absent: None

Also Present:

Town Manager Andrew Sheehan

Assistant Town Manager / Finance Director Victor Garofalo

ITEM 1: Opening Remarks and Member Roll Call

Co-Chair Ferrari called the meeting to order at approximately 7:00 PM, conducted roll call, and declared that a quorum was present.

Co-Chair Ferrari read the Municipal Remote Meeting Disclaimer and reviewed the meeting agenda.

ITEM 2: Public Comment

There was no public comment.

ITEM 3: FY27 Town Budget Hearing

Town Manager Andrew Sheehan, with support from Assistant Town Manager/Finance Director Victor Garofalo, presented the FY27 Proposed Operating Budget. Department heads were present for the discussion.

The presentation reviewed the following topics:

- Town Manager's FY27 Proposed Budget
- Revenue and expenditure projections
- Operating budget summary
- Town Manager's departmental budget
- Position changes and FTE levels
- Sudbury Public Schools (SPS) budget
- Lincoln-Sudbury Regional High School assessment
- Vocational education costs
- Debt service
- Employee benefits (Town and SPS)

- OPEB trust contribution
- Unfunded or deferred requests
- Use of free cash
- Financial policies
 - Free Cash policy
 - Stabilization Fund policy
- Multi-year financial outlook

Financial Overview

The Town's AAA bond rating, maintained for approximately 15 years, was discussed as a significant factor in ensuring the lowest possible borrowing costs. The rating is supported by Sudbury's strong financial policies, reserves, and economic stability.

The Town Manager reviewed the budget development process, which begins in the fall with a review of prior year results and the development of three-year projections. Departmental guidance is issued in November, with departmental requests reviewed throughout December and January. The proposed budget is submitted to the Finance Committee and Select Board by January 31.

Revenue and Budget Guidance

The Town is able to propose a non-override budget in FY2027 primarily due to higher than anticipated new growth and an increase in local receipts. A majority of the new growth was due to the Eversource transmission line project.

Key revenue sources discussed included:

- Real estate and personal property taxes, representing approximately 84% of total revenue
- Local receipts
- Motor vehicle excise tax
- Investment income

Investment income increased significantly due to higher interest rates.

Budget guidance across cost centers was approximately 4%, including:

- Sudbury Public Schools: 4.17%
- Town Departments: 3.97%
- Lincoln-Sudbury Regional High School: 3.98%

Committee members noted that the SPS and Town guidance does not include employee benefits and OPEB contributions, while the LS guidance does.

Adjustment to Budget Guidance

Budget guidance was increased by \$325,000 over the original amounts, particularly to support additional needs associated with the SPS Smile Program in the amount of \$200,000.

The total adjustment included:

- \$200,000 – Sudbury Public Schools
- \$70,000 – Lincoln-Sudbury Regional High School
- \$55,000 – Town budget

The increase was offset through the use of \$325,000 of Free Cash to fund OPEB contributions.

Free Cash and Stabilization Funds

The Town generated approximately \$9.4 million in Free Cash for FY26, driven largely by:

- Investment income
- Motor vehicle excise revenue
- Unspent appropriations

The Town will propose an allocation of \$5,989,379 of Free Cash at the upcoming Annual Town Meeting, including:

- \$4.79M for capital projects
- \$300,000 transfer to the General Stabilization Fund
- \$275,000 transfer to the Capital Stabilization Fund
- \$200,000 transfer to a proposed Vocational Stabilization Fund
- \$325,000 contribution to OPEB
- \$100,000 for Transportation

The Committee discussed stabilization targets, noting the policy goal of maintaining the General Stabilization Fund at approximately 5% of the prior year's operating budget.

Budget Pressures and Future Outlook

The Town noted that fixed costs continue to increase faster than revenues, particularly:

- Employee benefits
- Debt service
- Education assessments

Employee benefits are projected to increase by approximately 9.39% in FY2027, totaling nearly \$20 million.

Although an override had previously been projected for FY27, the Town avoided one due to:

- Higher than expected new growth
- A 14% increase in local receipts

However, based on current projections, a Proposition 2½ override may be necessary as early as FY28.

Budget Topics and Questions

The Committee discussed the Town operating budget. Mr. Sorett expressed a desire for more detailed line-item information in the budget book to allow for more meaningful decisions at Town Meeting. The Committee also examined the increase in the vocational school budget, with Assistant Town Manager Garofalo explaining that it was due to an expected increase in student enrollment. Mr. Lynch inquired about the 17% increase in the human services line item, which Mr. Garafalo attributed to the addition of an Assistant Health Director position. The Committee also discussed the decision to fund stabilization funds beyond the floors set in the Town Finance Policy, with Mr. Frias questioning the rationale behind such level of funding.

Discussion among Finance Committee members included the following:

- Chapter 70 funding goes directly to schools and does not fall to Free Cash.
- Exploration of regional police lockup services, including potential sharing with Framingham. The Town did not see the benefit in this.
- Consideration of pre-funding retirement assessments, which staff indicated was not considered this year.
- Continued growth in vocational education enrollment, with the FY27 budget adjusted to cover nine students currently enrolled across three programs.
- Transportation services pilot program, which has been well utilized, will continue with \$100,000 in FY27 funding, supplemented by grants.
- Recreation Department restructuring and programming expansion, including a goal to align program fees so that programs are fully supported through the revolving fund rather than the operating budget.
- Public safety staffing, including unfilled positions such as a fire inspector and police supervisory roles, which were noted as important for long-term operational structure.
- A snow and ice deficit estimated at \$750,000, with the Town pursuing potential reimbursement through MEMA and the State Legislature, though reimbursement is not guaranteed.

The Town Manager thanked department heads for attending the meeting.

ITEM 4: [Insert name of item in agenda]

Schedule for FinCom Review of FY27 Budget and Warrant Articles

Co-Chair Joachim reviewed the Finance Committee schedule for remaining budget and warrant article reviews.

Members were asked to direct any requests for additional information to Co-Chair Joachim or Co-Chair Ferrari.

Citizen petitioners and representatives related to the solar panel warrant article, including the Combined Facilities Director and consultant, will be invited to attend upcoming meetings.

Assignments were also made for sections of the Finance Committee Report.

ITEM 5: General Business

Transfers and Other Business

No transfers were presented.

Liaison Reports

Mr. Baranowsky reported on matters related to the Permanent Building Committee.

Calendar

The next regular Finance Committee meetings are scheduled for March 9 and subsequent Mondays.

Approval of Minutes

There were no minutes presented for approval.

ITEM 6: Public Comment

There was no public comment.

ITEM 7: Adjournment

MOTION:

Upon motion duly made by Mr. Sorett and seconded by Mr. Poch, it was unanimously voted to adjourn.

Vote:

Co-Chair Joachim – Y

Co-Chair Ferrari – Y

Mr. Sousa – Y

Mr. Poch – Y

Mr. Baranowsky – Y

Mr. Sorett – Y

Mr. Lynch – Y

Mr. Fries – Y

Mr. Bettinelli – Y

Motion carried 9-0 (unanimous).

The meeting adjourned at 10:06 PM.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Reviewed and amended by Victor Garofalo, Assistant Town Manager, Finance Director