



Town of Sudbury

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Strategic Financial Planning Committee for Capital Funding Minutes

Friday, November 7, 2014

8:00 AM – 10:00 AM

Silva Room, 278 Old Sudbury Road

(Currently there are 9 voting members on committee (with one more to be appointed) and two ex-officio members)

Present:

Charles Woodard (BOS), Thomas Travers (CIAC), Michael Lane (CIAC), Andrew Sullivan (FinCom), Elena Kleifges (LS School Committee),

Ex-Officio members present: Maureen Valente (Town Manager), James Kelly (Combined Facilities Dir),

Absent: Lawrence O'Brien (BOS), Joan Carlton (FinCom), Kevin Matthews (LS School Committee), Lucie St. George (SPS School Committee),

Appointments still needed: one SPS School Committee member

Also Present: Andrea Terkelsen (Finance Director) and Maryanne Bilodeau (ATM/HR Dir)

The statutory requirements as to notice having been complied with, the meeting was convened at 8:07 a.m.

Agenda Item One: Review the mission statement and charge to the committee:

Chuck reviewed work of committee last year and talked about how they worked to create a plan for smoothing out the capital spending to keep at or below the level of FY 14; to smooth out the tax impact to the taxpayers for Debt service plus capital exclusion as well as other capital spending.

This was to make up for all the capital spending that wasn't done in prior years.

He also questioned, do we come up with the target for capital spending and who should set that? BOS, FinCom, CIAC? The group was set up to find a way to achieve that with members from all cost centers and committees working together.

Agenda Item Three: Maureen Valente reviewed the content of the Strategic Financial Planning Report and the past history of capital planning.

Several years ago we needed to address three major strategic financial shortcomings: didn't have adequate reserves; had not developed a comprehensive plan for addressing the OPEB liability; and were facing a backlog of capital needs without an ongoing plan for how they were to be funded. We took care of getting the reserves to proper levels two years ago. Last year we began to intensively look at the Capital Plan and Capital Planning Committee. We documented all capital projects we saw for the next 15 years for Town, SPS and LS in the Strategic Planning Report and we voted a capital funding policy. Finally this year we started the OPEB Strategic Planning Committee and they are working at developing recommendations at this time.

She noted that Capital Financing Committee did not address a key question that the Capital Improvement Advisory Committee (CIAC) still needed to know: How much capital spending is a target for them to work towards each year? She reviewed the Capital Spending Report and talked about how our peer AAA communities are spending a set target of recurring amounts for capital – some as high as 12% of operating budget on Capital. Sudbury is currently at about 5.6%.

Agenda Item Two (took up after Item Three) Discuss Participants' expectations:

Andrew -we are layering it thick with the decision making...there are a number of layers to get this done. He's wondering if all these layers are necessary.

Chuck - isn't sure if this is a one year committee or not. Do we come up with a targeted level of spending each year and then the CIAC works on it? We need to talk about policy recommendations and evaluate the tax impact.

Elena - there's got to be a way to have a complete picture to make decisions. Not sure if this is a one year decision or not.

Jim – our buildings are old and what we are doing is important. An Annual Target would be very helpful for planning the needs of our facilities.

Tom - wants a funding policy that talks about the debt service and that covers capital expenditures so the CIAC knows what the priorities are. Saving money (i.e. energy savings) and enhancements are important parts of this. We can't ignore outside funding sources, like CPA and SBA. We need a committee like this to work together as a group to stay within Proposition 2 ½.

Michael: growth is important and the committee needs to help facilitate that.

Andrea – would like to provide real time feedback and see how best this fits into the committee. It's a challenge but hopes we're at a point that we can see what is building maintenance and segregate that out and put it into the regular operating budget. These are recurring items for maintenance and should be part of operating budget.

Maureen – We have lots of challenges but everyone on the committee seems to have an open mind about how to effectively deal with these challenges.

Agenda Item Four: Review FY 16 Proposed Projects and other draft materials developed by Staff.

Maureen reviewed the "All Capital Spending through FY 16 Requests" in handout from Andrea. Our debt is lower than it's been in years. In FY 02 it was at \$7,825,000; in FY 15 we are down to \$2,108,000.

Andrea said we could be adding \$700,000 in new debt service in FY 16 if Johnson Farm gets approved along with bonding for Police Dept. and Nixon School Roof.

Maureen pointed out the black line across the chart which is drawn at where the level of Capital spending was in FY 14. The goal is to stabilize capital spending for the tax payers.

Chuck added that if we have a plan for capital spending and have a cap for that spending it will smooth out our capital spending moving forward and would most likely receive more support from the public.

Maureen then reviewed the next Chart in the handout, "Tax Exclusion Capital Spending through FY 16 Requests" which includes new debt for: Nixon School Roof, Police Station and Johnson Farm, if passed.

Chuck said we'll need to figure out how to bundle many of these items so as to keep them below our spending threshold.

Maureen then reviewed the first page of handout: "5-Year Capital Plan Major Projects".

Andrew suggested that the Johnson Farm \$1,900,000 have a footnote that says the project is really \$2.9 million and that the additional million dollars is coming from CPC.

Andrew wanted to know if we are setting a policy to send to BOS, or are we voting on each item and which items to recommend along with the funding mechanism.

Tom said that it's up to the CIAC to vote on each item to move forward.

Chuck said we are here to provide some guidance for funding mechanisms and a recommended funding policy. This group does not make policy, we recommend policies. We're trying to work together to eliminate the confusion as to what this committee and the CIAC do. This is our first year.

Jim Kelly said that he'd like feedback from the Committee about what the funding source for the Nixon School Roof Project should be. There was some discussion by the group as to if we had all the information needed in order to make an informed decision.

Andrew made motion to not take a position at this time due to the fact that we just convened the committee and some committee members are not familiar with the project. Tom Travers seconded the motion.

All voted unanimously in favor of the motion not to take a position at this time.

Tom said the CIAC will be discussing this on November 19th.

Agenda Item Five: Preliminary discussion of process and next steps

To be continued at next meeting.

Agenda Item Six: Review the calendar for future meetings.

To be discussed at next meeting.

Agenda Item Seven: Elect Chair and Clerk of the Committee.

Chuck will continue to Chair. A vote for Clerk will be done at the next meeting.

Because a member of the committee had to leave and there would no longer be a quorum of member, at 9:30 a.m. Chuck made motion to adjourn; Andrew seconded.

All voted unanimously in favor of the motion.

Meeting adjourned at 9:30 a.m.