



# Town of Sudbury

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## Strategic Financial Planning Committee for Capital Funding (SFPC)

### Minutes

Thursday, November 30, 2017

8:00 a.m.

Silva Room, 278 Old Sudbury Road

#### Present:

Patricia Brown (BOS), and Daniel Carty (Chair) (BOS), Joan Carlton (FinCom); Thomas Travers (CIAC), Kevin Matthews (LS School Committee), James Kelly (Combined Facilities Dir), Lisa Kouchakdjian and Lucie St. George (SPS School Committee), Dennis Keohane (Finance Director)

Absent: Susan Berry (FinCom), Mark Howrey (CIAC); Melissa Murphy-Rodrigues (Town Manager), Craig Gruber (LS School Committee)

Also Present: Maryanne Bilodeau (ATM/HR Dir)

A quorum was determined to be present and Chair Carty convened the meeting at 8:13 a.m.

#### ➤ **Selection of Clerk to take minutes**

Chairman Dan Carty asked if there was a volunteer for clerk. Kevin Matthews volunteered to take minutes for this meeting.

Kevin Matthews was unanimously elected to take minutes on November 30.

#### ➤ **Approval of minutes 11/09/17**

Tom Travers motioned to accept the minutes, Kevin Matthews seconded the motion.

The 11/09/17 minutes as amended were unanimously accepted.

#### ➤ **Discussion of CPC Representation on the committee**

It has been, through discussion with the membership of the Community Preservation Committee, determined they will not be represented on this committee. The reasons included a very different and statutorily required focus for their funding and a very different approval process for the funding.

#### ➤ **Review of Old business (L-S E&D, committee feedback on process map, etc.)**

Following up on last meeting's request, Kevin Matthews informed the committee that the certified amount of LS E&D would be approximately \$950k and that this would be the time of year when E&D would typically be certified.

Joan Carlton said that FinCom has requested the 5 Year Capital Plan in November and is also requesting what other projects were considered and not selected.

Dan Carty asked if there was a final report from the committee last year. It was determined that the last meeting in January only produced minutes and due to the loss of its chair the committee did not meet again that fiscal year.

➤ **Review and potentially update SFPCCF process map**

There was a question as to when does the 5 Year Capital plan freeze. Dennis Keohane answered that it was only in the next Fiscal Year, and with the exception of emerging additions, it is updated in November and frozen in December. These projects are submitted on Form A's. The Town Manager Capital Budget to be completed on December 31. Joan commented the FinCom will be looking for a draft as early as possible.

There was a discussion of "Other Grants." There are grants from revolving funds that would be predictable but state grants that were not as much. So, most grants are difficult to schedule as there are varying due dates for these different projects. Dan Carty asks what do we need to know now to make our recommendations?

December 11 will be the election for the fire station and we will better know our funding options once we know if we are funding a \$7.1MM fire station project. But since the debt funding won't hit FY19 it is more a decision of if we are comfortable with the other methods knowing that the \$7.1MM will be debt funded.

There was a question about what we need to know to make our recommendations. Dennis Keohane insists we actually have what we need now to make our recommendations.

Tom Travers asks if we are committed to a \$4.9MM capital spending do we want to add that to the \$7.1MM?

➤ **Discussion of Capital Funding Recommendations**

Dennis explains the documents he has brought which lay out what debt would look like if all these projects were financed by debt. His preference would be as many as possible of these items with long service lives should be financed by debt versus capital exclusions because, a. we would avoid the spikes of debt associated with continuous capital exclusion funding, b. the interest rates are so low it makes the cost of the debt low and c. that long-term debt distributes "the pain" over time impacting folks both now and in the future more equitably. But ultimately, it is us to this committee and the public.

The discussion, after determining the amount needed for capital, \$4.9MM, and looking at the costs of debt funding over 5 years, turns back to what will this committee recommend.

Tom Travers brings the discussion back to the relative low Town Manager's operating capital line item: \$403k. Tom asserts that this is woefully underfunded. He makes the analogy to the cost of a car. You have a low-level cost of changing the oil (operating cash), you have the higher cost of changing the transmission (operating capital) and the largest cost of replacing the car (debt or capital exclusion). Tom suggests and others concur that one method of increasing the Town Manager's Operating Capital amount could be by override. Another way would be for the town's school districts to divert some percentage of their annual allocation to fund this Town Managers Operating Capital. Or another way to do this might be to move free cash \$600k or \$1MM annually into this line to address the increased need for capital items. Tom says that there is uncertainty to using free cash just as we saw last year the uncertainty of having a long list of capital exclusion items on the ballot.

Pat Brown stated that the increase in operating capital was also problematic because at some point that line item could be changed and the funds diverted to some other item. So it was suggested that there might be a stabilization fund created and funded annually and that the 2/3 of TM vote needed would be not related to whether or not to fund it but how the funds would be spent. By-laws are also suggested to maintain a yearly funding of the TM capital line or a stabilization fund. However, Dennis Keohane maintains that there is a way to provide checks and balances already and if the TM now or later diverts funds the BOS can intervene. And that “legislating” this by by-law and stabilization fund just brings more restrictions than benefits.

Dan Carty suggests that there is a need to also prioritize capital items as way. Tom states that that is the current process, CIAC, etc. Dan suggests the best way to do this is rather that go for an override can each of the school districts find 1% to each of their allocations pitch in to the TM capital budget? There is some general agreement that the schools are each supported by efforts of the Town in ways that contribute to the need for capital items. It is also suggested that like the way the three cost centers have ramped up their funding of OPEBs this could be done over two or three years.

There is a brief discussion about capital items for SPS and LS and how there are still mitigation funds available for the two districts. Much of the safety related mitigation funding has already been allocated and some funds have come and some as of yet to come in and the rest will be allocated at the discretion of the BOS.

In our next meeting, we can review the process map and we can make recommendations for the funding methods. Joan and Tom suggest that we make short-term recommendations on Dec 7 and long-term recommendations on Dec 13.

➤ **Schedule upcoming meetings**

The next meeting will be held 12/07 at 8:00 a.m., followed by another meeting on 12/13 at 8:00 am, with a goal of having recommendations for the CIAC by December 15.

Chair asked for a motion to adjourn the meeting. Tom Travers motioned and Lucy St. George seconded the motion. The committee voted unanimously to adjourn at 10:08 am.

**Respectfully Submitted by**  
**Kevin Matthews**