

Strategic Financial Planning Committee for Capital Funding

Wednesday, February 7, 2018

Silva Conference Room, Flynn Building, 278 Old Sudbury Road

Meeting Minutes

Present:

Patricia Brown (BOS), Daniel Carty (Chair) (BOS), Joan Carlton (FinCom); Susan Berry (FinCom); Thomas Travers (CIAC), Mark Howrey (CIAC); Lisa Kouchakdjian and Lucie St. George (SPS School Committee)

Absent: Kevin Matthews (LS School Committee); Craig Gruber (LS School Committee); Melissa Murphy-Rodrigues (Town Manager)

Also Present: Maryanne Bilodeau (ATM/HR Dir); Dennis Keohane (Finance Director)

Chairperson, Dan Carty called the meeting to Order at 8:07 a.m.

The Chair confirmed Quorum.

Lisa Kouchakdjian volunteered and was selected as Clerk.

- **Approval of Minutes from January 24, 2018 meeting:**

Motion to approve Minutes as edited by Tom Travers.

Lucie St. George seconded.

Motion passed unanimously 8-0.

- **Review of Old Business:**

None.

- **Discussion:**

Discussion ensued by the Committee regarding the Capital in Sudbury document prepared by Town Manager Melissa Murphy-Rodrigues.

Dan Carty states need definitions of rolling stock, etc. Some or all categories may be in play, or not when it comes to discussing Capital. Dan Carty puts Definitions from document on screen for discussion by Committee. Lucie St. George requests that definitions be made available prior to Town Meeting. Dan Carty mentioned that anything that we do here will not pertain to Spring Town Meeting this year. Committee reviews Definitions, including capital asset, infrastructure, land/open space, buildings and building improvements, equipment and

rolling stock, recreation, urgent/legally required, maintain service/upkeep, enhancement, new/major renovation.

Committee discusses changes and edits to Definitions Section of the Capital Planning document.

Pat Brown asks if open space fall under capital or not? Susan Berry agreed that we need to decide where open space falls.

Tom Travers--When get into issues regarding maintenance is it a capital item or something that falls under operating budget. Is it maintenance or prolonging life of asset?

Dan Carty—Goal of this exercise is to actually do some planning.

Committee discusses the Governing Laws section of the Capital Planning document.

Mark Howrey—Make sure it says CIAC makes recommendations to BOS.

Capital Process:

Tom Travers—Prefers Dan Carty's process map.

Dennis Keohane—Everything having to do with budgets is due by January 31st. The TM's Capital budget is the same as everything else.

Current dollar value of Sudbury Capital:

Capital Asset Note 4 Document discussed by Dennis that summarizes Town assets.

Dennis—Net assets of \$165,000,000, including Town funds and Enterprise Funds.

Everything is included in this document, including open space. This document does not include LS, only SPS and the Town of Sudbury. Dennis—LS has their own financial statements. Dennis not familiar with what LS has for assets. Dan Carty—We want the equivalent document for LS. Dennis—can talk to Bella or Sherry to get this document for LS.

Target Value of Capital Budget:

Tom Travers—Before we discuss the target number, first determine what is included. Pat

Brown—All makes sense when we look at it as a depreciable asset. How does open space fall within here? Pat Brown—We need clarity on whether open space should be included.

Mark Howrey—Open space should not be included within Capital; Not saying we shouldn't look at open space, but just take it off the table for Capital for funding purposes.

Joan Carlton—Likes open space in as a Capital asset because all competing for the same funds.

Susan Berry—What we are talking about is what we need year over year. The bigger capital projects should be in a separate bucket.

Joan Carlton—What do you set aside for Capital year over year and then separate number for major projects, including open space.

Mark Howrey—Essentially three categories--Maintenance of capital assets (urgent vs. risk mitigation), Enhancement, and acquisition of open space and new facilities. Place capital items within each category. Mark Howrey—look at the Capital plan when go to place items.

Susan Berry—We need to be concerned about the major maintenance/replacement items year over year.

Dan Carty—At some point going to get into prioritization of the projects.

Action Item--Dan Carty—Will contact Bella regarding the LS asset numbers.

Action Item—Dennis will take Capital Plan and place the capital items accordingly into the three categories.

Dan Carty asked if anyone on the Committee had an objection to a constituent asking a question. No one objected.

Jean Nam (81 Newbridge Road). Ms. Nam asked where school playgrounds fall in Asset Note for Town.

Dennis Keohane states playgrounds would fall within either machinery equipment, infrastructure or land improvements.

Target Value of Capital Budget Relative to Overall Sudbury Budget:

Dan Carty--How big do we want this capital bucket to be? Mark Howrey—Struggling to make this determination without knowing what is in it. Should Capital spend be 2-5% of overall total Town budget? Tom Travers—What is included in the 2-5% budget? Is it total capital budget, or just maintenance?? Dan Carty--2-5% is a rough guideline about what other towns do.

Susan Berry—Look at the 15 year plan to get an average of what we need to spend each year.

Pat Brown—Comfortable with doing bottom up analysis and then see where we fall in the 2-5% range.

Committee Problem Statement and Goals:

Dan Carty—Can't have the bottoms up discussion today.

Dan Carty—Suggests discussion of the “Capital Improvement Planning Guide, Developing a Comprehensive Community Program”, the Division of Local Services, Massachusetts Department of Revenue, the Technical Assistance Bureau, 100 Cambridge Street, Boston, Massachusetts, August 2016.

Susan Berry—Gives us a path to eliminating this Capital Fund Committee. Dan Carty—Suggests going through the Guide. We have essentially done Step One, but we may modify. Step Two--Preparing an inventory of existing capital assets, we may modify.

Step Three--Determine the Status of Previously Approved Projects. Tom Travers—CIAC has done this in the past, but not recently. We should go back to doing this step. Tom Travers—As an example, if a project was proposed at \$100,000, but came in at \$75,000, we should know that fact so we get a historical perspective on the projects.

Susan Berry—Just good process to review every year the status of capital projects approved.

Dan Carty--CIAC used to do Step Three.

Step Four--Assess the Town's Financial Capacity. Dennis Keohane--Town Manager's responsibility.

Step Five—Solicit, Compile, and Evaluate Project Requests

Step Six—Establish Project Priority

Mark Howrey—CIAC relies on the experts to prioritize projects. Make sure people have the necessary facts to be able to answer questions at Town Meeting.

Susan Berry—For the projects CIAC recommends, CIAC does not prioritize. Mark Howrey—How do you prioritize a new boiler at SPS, versus the Town, versus LS? Tom Travers—When it becomes a life safety thing, or out of code, issue needs to be addressed. Mark Howrey—In recent CIAC reports, the committee has tried to include more information about justification for recommendations.

Dan Carty—We need to do work on prioritization. Mark Howrey—Agrees prioritization is an issue. It is hard. Prioritization needs to have the Town Administrator have first pass. Dan Carty—Concept of prioritization is a gap right now. Joan Carlton—Finance Committee has asked for clarity on prioritization.

Step 7--Develop a Finance Plan

Step 8 Annually Present the Capital Program and Capital Budget

Step 9 Monitor Approved Projects

Dan Carty—Goal is to make one document to present to the BOS on Capital.

Tom Travers—What are the processes that we need to go through to take money out of a Stabilization fund.

Dan Carty—Monitor and close projects.

Mark Howrey—Suggested that it would be great to have all relevant boards get together after spring town meeting and learn from what did well and where need to improve. Mark Howrey—Here are the needs, here is the funding sources, and then prioritize.

- **Future Agenda Items:**

--Report on Action Items, including Dan Carty getting asset data from LS.

--Discussion of Bottom up concept.

--Dennis Keohane to start with the 5 year plan in his action item. And include the three prior years

--Susan Berry—Discussion of Override and Stabilization Override.

--Tom Travers--Review process for the review and oversight of projects

--Joan Carlton—What did we spend in the last three years, all items approved as separate warrant items?

Motion to Adjourn by Mark Howrey.

Seconded by Pat Brown.

Motion passed unanimously 8-0.

Meeting adjourned at 10:12 a.m.

- **Next meetings:**

Thursday March 8th 8:00 a.m. here in the Silva Room.

Thursday March 22nd 8:00 a.m. here in the Silva Room.