

**Strategic Financial Planning for Capital Funding Meeting**  
**November 15, 2018**  
**Meeting Minutes**  
**Flynn Building – Silva Conference Room**

**Members Present:** Susan Berry (Finance Committee), Jean Nam (Finance Committee), Thomas Travers (CIAC), Pat Brown (Board of Selectmen [arrived 7:30]), Silvia Nerssessian (Sudbury School Committee [departed 8:10]), Dan Carty (Board of Selectmen), Lisa Kouchakdjian (Sudbury School Committee), Jamie Gossels (CIAC)

**Members Absent:** Kevin Matthews (LS School Committee), Craig Gruber (LS School Committee)

1. Chair Dan Carty called the meeting to Order at 7:09 p.m. Quorum was confirmed.
2. Motion to Approve Minutes from October 16, 2018 as amended. Motion approved 7-0.
3. Action Items from October 16 meeting:
  - CPC financial information on website (<https://sudbury.ma.us/sfpccf/cpc-financial-summary-fy14-fy18/>) Sudbury website/ committees/sfpccf meeting date/supporting materials)
  - Supporting documents from last meeting sent to committee; all but override document on website. Mr. Carty will have posted
  - Ms. Berry worked on new growth model. Sent to committee, revised today
4. Possible Capital Funding Sources:
  - Modified new growth model: presented by Ms. Berry
    - Scenario 1: 20% of new growth allocated to each cost center (including capital) and additional 20% of new growth allocated to capital
    - Scenario 2: 12.5% of new growth allocated to each cost center (including capital) and additional 50% of new growth allocated to capital.
    - Both scenarios would require use of free cash to reach goal of \$2.5M total in capital budget (amount of free cash needed would decrease over time)

- Mr. Carty shared a note from Town Manager Melissa Murphy-Rodrigues indicating that estimated new growth is already accounted for in projections, so use of new growth for capital would result in budget cuts. She also indicated that extraordinary new growth (unanticipated) also often has associated expenses
  - Mr. Carty noted that [all] new growth doesn't have to be allocated to cost centers
- Using Free Cash as Partial Funding Source for Capital-presented by Ms. Berry
  - Proposal to allocate \$500,000 free cash to the capital line item if available beyond Stabilization Fund and FinCom withholding recommendations; any additional free cash could be added to Capital Stabilization Fund.
  - Related proposals include combining free cash with an override, combining free cash with new growth
- Discussion of reducing CPA surcharge
  - Would generate \$300,000-\$600,000
  - Mechanism: town would have to vote to reduce and separately approve an override of the equivalent amount via town wide election to add \$ back to the levy. Zero net effect on taxes but would require educating taxpayers and gaining approval (cumbersome)
- Non exempt debt service
 

Also decreasing; consider adding to capital line even though small amount until 2026.
- Ms. Nam provided information on the town's debt obligation. The debt is decreasing over time and, in absence of further debt or other action, this will reduce tax bills. The committee discussed this in the context of the original capital funding premise: the capital budget should be kept at the same level as the debt service (prior to decrease). This supports the override model, but taxpayers would have to be educated.
- Mr. Carty suggested that funding capital by using some new growth is analogous to the solution to the OPEB problem: "chipping away model" for a few years to catch up to the annual recommend OPEB contribution.

- Mr. Carty suggested using funds from gained efficiencies to fund capital. The difficulty would be in specifically recognizing and calculating those gains.
- Override model  
There was general agreement that an override would have to be a Stabilization Override to ensure that funds would be used exclusively for capital in perpetuity. There would be a specific process to use funds and would force discipline  
Ms. Gossels noted that, if an override is approved, some taxpayers might question the planned use of free cash.  
The advantage of a capital budget is that voters at town meeting would be educated with respect to the needs. In contrast, if all capital votes were voted at the polls, many voters might not understand the needs and specifics of the proposed projects
- Status Quo  
Ms. Nam suggested that we leave the process as is, but include capital items in the consent calendar. Inertia would have to be overcome to amend. Several members believed that the articles would immediately be removed from the consent calendar

5. Next steps:

- All proposals outlined
- Committee to discuss pros and cons of each proposal
- Committee to eliminate some proposals
- Goal to present 1 to ~3 proposals to Selectmen; Selectmen to decide
- Timeline: present to Selectmen in time for Selectmen to have warrant article ready for May Town Meeting (deadline for warrant is Jan. 31)

6. Next meeting: Wednesday, November 28 at 8:30 a.m.

- Discuss all options in context of pros and cons
- Choose favorite or top few proposals

7. Motion to adjourn: 8:37

Approved 7-0