

**Strategic Financial Planning Committee for Capital Funding**  
**January 11, 2019**  
**Meeting Minutes**  
**Flynn Building – Silva Conference Room**

**Members Present:** Susan Berry (Finance Committee), Jean Nam (Finance Committee, left at 9:35), Jamie Gossels (CIAC), Thomas Travers (CIAC), Pat Brown (Board of Selectmen, Dan Carty (Board of Selectmen), Silvia Nersessian (Sudbury School Committee), Lisa Kouchakdjian (Sudbury School Committee), Kevin Matthews (LS School Committee, left at 9:35), Dennis Keohane (Staff).

**Members Absent:** None

Also present were Radha Gargeya (observing for LS School Committee) and Dick Williamson (citizen).

A quorum being present, Chair Dan Carty called the meeting to Order at 8:38 a.m.

Dan Carty volunteered to take minutes for this meeting.

Minutes from the December 14, 2018 meeting were unanimously approved as amended; corrected date for next meeting, percentage of proposed capital budget as related to total appropriations inclusive of debt.

Carty mentioned that this committee would be presenting to the Board of Selectmen on January 22<sup>nd</sup>, this date being important as it would be the last chance to add something to the Spring Town Meeting Warrant should that be the will of the Committee. It was also mentioned that this committee would be meeting again on January 17<sup>th</sup>.

Committee reviewed action items, funding sources and oversight, starting with sources. Carty stepped through Situation-Target-Proposal format of document (see “Options for Funding Capital”) and went through the funding options as well as their pros and cons. Travers asked for analysis of how much was spent over last three years on capital maintenance and how it related to dollar amount on tax rate. Travers also added ‘more predictable for better planning’ as a pro for the override option. Brown asked about debt rolling off the books being inside or outside the levy, after discussion it was clarified as debt outside of the levy in combination with a requested override. Matthews opined on repeating capital maintenance being part of a budget vs. a one-time project

coming from debt. Carty clarified that an override would still be required but it would be in the same amount or less than the expiring debt and thus tax bills would not go up. Gargeya pointed out that taxes could still go up should a new large project be introduced. Brown stated that the large projects would still come. Matthews said taxpayers may ask why their tax bills would not go down as debt expires and it should be considered as a con to this approach. Discussion of Free Cash ensued, Brown mentioned that the Selectmen Policy Subcommittee was working on a Free Cash Use policy, Travers and Carty mentioned this committee could and should make recommendations as well. Reduction and reallocation of CPA surtax option discussed next, Brown mentioned that CPA debt obligation needed to be considered. Nersessian did not feel that this option was complicated and should not be called out as a con. Nam felt CPC's role in Capital funding should be considered in the Oversight portion of discussion, Travers mentioned there was a timeline concept that would be discussed when we get to that later. Carty then moved onto New Growth option and clarified temporary impact concept as both a pro and con. The Realized Efficiencies options was discussed, Nam added that cost centers may consider this as punishment as it should be considered a con. Gargeya called out the experience with the L-S solar canopy as a real example of this. Keohane said that savings may end up being used for personnel and not capital and it could possibly have a negative budgetary impact on the cost centers should it be used for capital. Travers used example of internalizing street sweepers – making a capital investment to save operating dollars then use that money to address new issues in the budget.

Committee then discussed what they would recommend for funding; Kouchakdjian asked if it would be a single option or a mix. Nersessian asked the same. Carty said this is a group and we would do what the group wanted. Matthews said it would depend on the consensus of the group. Travers felt we couldn't make that decision until we had the figures for the last three years. Keohane said capital spending over the last three years have been lower than previous years. Carty stated the last three years may not be indicative of recent history or a good predictor for the future as we likely will issue new debt given current projects being proposed. Brown said new debt would be for large projects and not for maintenance but by shifting funds we could address both. Carty mentioned next meeting would focus on what our actual recommendation would be. Nam stated that funding and oversight were tied together and her funding recommendation would depend on the possible

oversight; she specified CPA fund option and felt that the looping that happens between CPC and Town when asking for money was a broken process. Carty suggested that a capital project timeline should be created and enforced; Keohane stated a timeline existed and it was a question of whether or not the Committee agreed with it. Keohane stated the capital budget was the responsibility of the Town Manager and disagreed that the process was broken, what was lacking was how to fund the budget. General discussion ensued regarding the timeline leading up to Town Meeting; Brown pointed out that citizen petition projects do not fall under the current capital oversight process. Kouchakdjian stated that focus should be on Selectmen's Capital policy and that oversight would naturally follow. Carty opined that project funding should not be considered individually but rather as a prioritized portfolio.

Travers then began to review Oversight presentation (document "Capital Project Oversight, January 2019"). Nersessian and Berry felt numbers and language should be consistent between documents, committee agreed. Travers said what projects would be subject to review, Carty pointed out this would be a bylaw change as citizen petition projects as well as those brought by Selectmen were not currently subject to oversight. Travers mentioned that FinCom should review all projects under \$100,000, Carty asked if this would change current processes as we just changed bylaws to try to make process more efficient; Travers said no change is required as this is what is currently done. Berry agreed as Town Manager currently brings Capital budget with Form A's to FinCom. Travers stressed these do not currently go through CIAC nor should they. Timetable for reviews were then discussed; Keohane said citizen petitions not captured here and that we could ask but not dictate they come for review. Carty asked for clarification that we are not asking Town Manager to change her timeline, Travers concurred. Discussion held regarding the joint Selectmen/FinCom/CIAC meeting and when it was happening this year. When discussing Capital Project groups Berry felt the \$1 million for Group One was too low. Carty corrected Group 2 and Group 3 figure; projects over one year worth more than \$200,000, not \$250,000, should be considered. This is in line with current bylaw. Keohane said if we get to the target of \$2.5 million for capital maintenance and only spend \$1 million in a current year the \$1.5 million could be used for a large project but it would still require CIAC review as well as a separate Town Meeting article. Travers asked about

moving money into a Capital Stabilization fund; Keohane replied this would just be a funding source and still subject to normal CIAC and Town Meeting scrutiny. Travers moved on to Approval Summary slide, Carty requested that this be consistent with earlier slides. In discussing slide “How will Capital Funding be funded?” slide discussion ensued about outside private funding. Recent examples of Loring Parsonage and Goodnow Library given and Travers stated that just because they are projects to be funded with private funding they should still be scrutinized as they would be modifying Town assets. Committee concurred. Brown asked about grants as they normally are for a very specific purpose, committee felt same scrutiny applied. Carty clarified that we were not asking for any specific new stabilization fund be created yet. On slide “Town Resident Approvals” Travers reviewed situations, Carty clarified that we are not recommending changes to these and we want to make sure these match current approval process. Brown suggested changing title to “Existing Town Resident Approvals”. Nersessian asked about situation where we get all private funding for a project; Keohane stated the Board of Selectmen had to approve accepting the gift then a Town Meeting article would have to be created to appropriate money. For “Administration and Implementation” slide discussion held about who is responsible for projects across Town and Schools; Travers stated desire to have qualified people manage projects. Keohane felt a policy should not address this as it is more of a personnel issue. Berry suggested that a status update policy may be sufficient, and that for a Town project the Town Manager should have oversight, for an L-S project the L-S School Committee have oversight, and likewise for an SPS project and the SPS School Committee. Carty suggested avoiding talking about construction and instead generalizing as implementation. Carty asked that status updates happen at least once a year for multi-year projects and once for projects that last less than a year in the form of a project closure review. Nersessian wanted to make sure there was no loophole where a committee was reporting to themselves. Brown pointed out that once money was appropriated to L-S the money was theirs, Keohane clarified that L-S submitted for reimbursement so there is some oversight there now. Travers stated concern with project that stall or don’t complete what they said they would. Carty stated his request of the Selectmen for a quarterly project status review is still under consideration. Slide “Summary” quickly reviewed and Carty suggested minor edits. Berry asked for clarification about what Bylaw changes may be needed, committee referred back to the first bullet on slide “What Capital Projects are covered by

this oversight proposal?”. Carty suggested we tackle appetite for a Bylaw change in next meeting, as well as the actual financing recommendation or recommendations.

Carty announced next meeting to be held Thursday January 17, 8:30 AM in the Silva Room of the Flynn Building.

There was a motion to adjourn at 10:41, motion seconded and upon no further discussion the vote was unanimous.