

Budget Strategies Task Force
BSTF Minutes, December 2, 2016

Present: Lucie St. George, Anne Wilson, Melissa Rodrigues, Pat Brown,
Radha Gargeya, Bella Wong, Susan Berry, Elena Kleifges, Joan Carlton,
Chuck Woodard

Absent: Patricia Mostue, Richard Tinsley

Also present: Susan Rothermich (SPS Business Manager), Ellen Winer
Joachim (SPS School Committee), Sherry Kersey (LS Finance Director),
Maryanne Bilodeau (Assistant Town Manager)

Susan Berry, Chair, called the meeting to order at 8:02 am.

General Business:

Pat Brown volunteered as clerk for this meeting.

Susan presented the most recent "Budget Hearings/Pre ATM Calendar."
The task force agreed that we should meet in preparation for our joint
meeting with the Finance Committee on Thursday, January 19. This
meeting should follow the final first-round budget hearing on Thursday,
January 12. Task Force members were requested to let Susan know their
availability to meet on the morning of Friday, January 13 or Wednesday,
January 18.

Liaison Meetings: All cost centers should have met with their liaisons from
the Finance Committee no later than Monday, December 5. Melissa
Rodrigues, Sudbury Town Manager, indicated that she had met with her
liaisons and she was writing up the results. Anne Wilson, SPS
Superintendent, has this meeting scheduled for Monday. Bella Wong, LS
Superintendent, is working to schedule a Monday meeting with the liaison
to LS.

Cost Center Updates:

Anne Wilson reported opening the transportation bids. There has been a
7% increase in the cost per bus; however, with some middle school/high
school bus route consolidation they anticipate combining some routes and
using a smaller number for a contract cost increase more like 5%. These
costs are shared between SPS and LS, so both cost centers are involved.
The 5% total cost increase assumes current levels of ridership. Bella

stressed that route consolidation may delay the pickup schedule for the high school, making the school bus option more attractive to high school students and increasing ridership. If this requires more buses to implement it would again push the cost increase more toward 7%.

Internal budget hearings for the FY18 budget, held with staff prior to the first public hearing, are in progress in all three cost centers.

Public budget hearings for SPS are scheduled on December 7 and for LS on December 13.

Financial Forecasting:

Susan had distributed electronically the slides from the 2016 Massachusetts Selectmen Association Fall Conference from DOR/DLS describing Municipal Finance Best Practices. The three foundation documents for preparing a budget listed are 1) Financial Policies 2) Long-Range Financial Forecast and 3) the Capital Improvement Plan. The Finance Committee has also seen and discussed this document. A forecast uses known financial history, contract provisions, and trends to project future expenses, although this will not include unanticipated or uncertain financial events (changes in the general economy, state programs, legal mandates). This spring Finance Director Dennis Keohane will create a forecast of revenues for the next three years, using basic assumptions. The revenue forecast is a little tricky this year because of the atypical new developments (Sudbury Meadow Walk, for example) underway, but in general revenue forecasts are straightforward and can be done in the spring after town meeting. Forecasting expenditures is more uncertain.

Bella cautioned that there is a tendency to assume the numbers in the forecast are guaranteed, and that it's very important to document clearly and prominently the assumptions upon which the forecast is based, its limitations and uncertainties. The sense of the Task Force was that it was unrealistic to expect to do a three-year revenue/expenditure forecast to include FY18, but that we should attempt one for the three year period FY19, FY20 and FY21. This anticipates starting at the beginning of July 2017 and having a first-draft forecast by the end of the month.

Capital Budget:

The Strategic Financial Planning Committee for Capital Funding (AKA the Capital Funding Committee) has identified five sources for capital funding both this budget year (FY18) and in general. These are:

1. Free cash
2. Override to fund the Town Manager's capital budget
3. Create a policy reallocating the money "freed up" by declining debt service to the Town Manager's capital budget. (Note that this can only be done with debt service where the original debt was financed within the levy—it does not apply to declining capital or debt exclusion debt.)
4. National Development mitigation funds
5. Funds from the sale of the old Police Station on Route 20

Chuck Woodard stated that the Capital Funding Committee was concerned with presenting the voters with a possible operating override primarily for personnel and a second override to cover capital costs in the spring of 2017. The Town Manager's capital budget is insufficient to maintain the town's capital stock, but it was the sense of the committee that the capital override should be deferred until spring of 2018 for the FY19 budget. Pat recommended strongly that we inform the voters of this clearly during the budget presentations this coming spring, so that the second override request is not a surprise.

Melissa proposed a policy of funding the Capital Stabilization Fund with a percentage of Free Cash to have money in the Fund available for capital items. Additionally, Pat supported having a policy of reallocating the money "freed up" by declining debt service to the Town Manager's capital budget. (#3 above). The Board of Selectmen creates policy. To adopt these policies 1) the Capital Funding Committee recommends the proposed policy to the Board of Selectmen and to the Finance Committee 2) the Board of Selectmen consults with the Finance Committee to consider FinCom's recommendation 3) after deliberation the Board of Selectmen adopts the policy (or not.)

Town Forum:

Chuck Woodard presented a sketch of a plan for the Town Forum on Saturday, January 21, 2017. During the part of the Forum devoted to town finances, he proposes a presentation on the Town Budget and Finances, supplying a primer on basic municipal finance in Sudbury. How are budget decisions made? What are the town's revenues and expenses? What is the town's cost structure? What is an override? Where does the money go?

The Forum presentation is not aimed at the specifics of the FY18 budget, but at explaining simply and briefly the fundamentals of Sudbury's municipal finances.

The Task Force concurred that this was a worthwhile effort. Melissa will work with Chuck to integrate the online financial reporting at ClearGov.com with his presentation, and to get specific financial information posted which may be of interest. A comparison to home repairs—why you need to maintain the asset, and how different the municipal procurement environment is from private sector maintenance—should also be presented.

Chuck mentioned that there are eleven critical pages in the Finance Committee report in each year's Annual Town Meeting warrant that lay out all the basics of town finances. After discussion, Radha proposed that these specific five pages be moved to the front of the warrant where voters would see them, rather than publishing them in the Finance Committee section that few voters read. He and Melissa will look into what it takes to make this happen.

Cost Sharing and Savings:

Dan Nason, Sudbury's new Director of Public Works (as of October), and Jim Kelly, Combined (Town and SPS) Facilities Director, have begun cataloging and documenting the cost savings from sharing rolling stock and other assets. They will work with Lincoln-Sudbury Building & Grounds Director Kevin Rossley on sharing assets across all three cost centers and quantifying the savings.

Suggestions for Agenda Topics:

Hash out the FY18 budgets following the January budget hearings from the cost centers. This will consume most, if not all, of the January meeting.

Public Comments:

None.

Meeting adjourned at 9:06 am.

Respectfully submitted,

Pat Brown