

IN BOARD OF SUDBURY SELECTMEN
JOINT MEETING WITH FINANCE COMMITTEE
MONDAY, MAY 4, 2015
LINCOLN-SUDBURY REGIONAL HIGH SCHOOL
CONFERENCE ROOM "B", 290 LINCOLN ROAD, SUDBURY, MA
6:00 PM – 6:15 PM

Board of Selectmen present: Chairman Charles C. Woodard, Vice-Chairman Pat Brown, Selectman Robert C. Haarde, Selectman Lawrence W. O'Brien, Selectman Leonard A. Simon and Interim Town Manager Maryanne Bilodeau.

Finance Committee present: Chairman Susan L. Berry, Vice-Chairman Joan Carlton, William Kneeland, Adrian G. Davies, Fred Floru, Mark Minassian, Jose Garcia-Meitin, Jeffrey Atwater

Susan Berry, Finance Committee Chairman, called the meeting to order at 6:00 pm.

The Board of Selectmen met with the Finance Committee to discuss new information on articles 3 (Stabilization Fund), 4 (FY16 Budget) and 15 (Energy Savings programs Stabilization Fund).

Pertaining to Article #3, there is need to establish a revolving fund at next year's Annual Town Meeting to be able to deposit NStar/Eversource checks due to a procedural change that occurred after the Town Meeting Warrant closed. A memo from Jim Kelly, Facilities Director, was distributed explaining the change at Nstar/Eversource due to new management.

Also a handout was distributed by the Finance Committee, which is summarized below:

The Finance Committee originally planned to request a transfer of \$351,600 from free cash to the stabilization fund in order to keep the stabilization fund at a level equal to 5% of the operating budget. However, new NStar procedures with regard to how they pay for electricity generated at the transfer station solar field have made it necessary to change plans.

A company named PelleVerde owns and maintains the solar field at the transfer station. The Town buys electricity generated by the solar field from PelleVerde, and, in turn, that energy is sold to NStar at a mark-up. Until recently, NStar has paid the Town for their energy purchase with a credit to the Town's total energy bill, which was used to pay PelleVerde. However, the Town has been notified that NStar has changed their policy and decided to send checks for the amount owed to the Town of Sudbury.

This means that the energy budget for FY16, previously calculated by netting out the amount of an expected \$210,000 NStar credit, will be \$210,000 higher. There would be no issue if we could simply record the NStar checks in the amount of \$210,000 as additional revenues and apply them to pay for the increase in the budget. However, this cannot be done in FY16 because it can only be done through a special revolving fund into which the checks must be deposited. In order to have that revolving fund available in FY16, a request for the fund had to be included in this year's Annual Town Meeting Warrant. Unfortunately, NStar didn't notify the Town of this new procedure until mid-April, several weeks after the close of the Annual Town Meeting Warrant.

The Finance Committee will submit a request for this revolving fund on the 2016 Annual Town Meeting Warrant so that these checks can be applied to the FY17 budget. For FY16, the \$210,000 of checks will go into the general fund and the funds will not be available until the free cash is certified sometime in the fall of 2016. On paper, this is a \$210,000 deficit in the proposed 2016 budget even though the checks to cover it will be in the general fund.

The suggested solution to this problem is to reduce the amount of the requested transfer to the Stabilization Fund in Article 3 by \$210,000, thereby increasing the remaining Free Cash on hand by like amount. The Finance Committee will propose in Article 4 to use that amount of Free Cash to fund a \$210,000 increase in the operating budget to account for the fact the operating budget will go up by that amount without the NStar credits.

While that will leave the Stabilization Fund below the recommended level of 5% of the operating budget, Free Cash will remain at the recommended level of ½ % of the operating budget.

At the 2017 Annual Town Meeting, the Finance Committee will request that \$210,000, which by then will be certified as Free Cash, be transferred to the Stabilization Fund along with any other recommended amount needed at that time to keep reserves where they need to be.

Board of Selectman Chairman Chuck Woodard stated that NStar will be sending checks, and not providing a credit to our account as was done in the past. We cannot use these funds without establishing a revolving fund.

Interim Town Manager Bilodeau stated that it's important to know that we anticipate a \$370,000 refund in FY16.

FinCom member Adrian Davies asked how often do we receive checks from Nstar? Jim Kelly answered, probably monthly.

FinCom member Mark Minassian asked if we can have a Special Town Meeting for this purpose. Interim Town Manager Maryanne Bilodeau responded that this isn't possible because revolving accounts can't be created at a Special Town Meeting unless it's a revenue source in that given year. Unfortunately, the revenue source is from the prior fiscal year so we need to wait until May 2016 Annual Town Meeting.

FinCom member Bill Kneeland asked if this can be added to increasing local receipts. Interim Finance Director, Suzanne Marchand, responded that in future years we can use local receipts for this purpose.

Selectmen Chairman Woodard asked if there were any objections to this, and there were none.

After a brief discussion it was voted unanimously by both Finance Committee and Board of Selectmen

To transfer the sum of \$141,600 from free cash to the stabilization fund, which is \$210,000 lower than the original request of \$351,600.

The joint meeting adjourned at 6:15 p.m.

Attest: _____

Maryanne Bilodeau
Interim Town Manager-Clerk