

**Town of Sudbury ~ Finance Committee**  
**Minutes of Meeting**  
**Monday, January 8, 2007**  
**Lower Town Hall – 7:30pm**

**PRESENT:** Chair Bob Jacobson, Bill Kneeland, Marty Ragonas, Larry Rowe, Sheila Stewart, Ralph Verni, Chuck Woodard, and Debbie Zurka.

**Opening Remarks:**

The meeting was opened at 7:45pm.

**Item 1: Budget Process Presentation:**

Bob Jacobson's presentation was to explain Proposition 2 ½, the budget process, and the structural deficit. He hopes it will explain the budget dilemma facing Sudbury and the surrounding communities. He explained that the committee has not taken a position on any certain budget. If there are any questions, they can be directed to [Finance@town.sudbury.ma.us](mailto:Finance@town.sudbury.ma.us) and a committee member will responded.

***Proposition 2 ½*** – Was approved by Massachusetts voters in 1980 and first implemented in FY1982. This limits the amount of revenue the town may raise, or levy, from local property taxes each year to fund municipal operations. The purpose is to ensure that municipal government has a limitation on its taxing authority, which can only be exceeded with the approval of the voters.

***Budget Process*** – The Town's fiscal year begins on July 1<sup>st</sup>. While the process never actually stops, it begins about nine months prior to the beginning of the fiscal year with the issuance of the Finance Committee's budget guideline memo. The memo requests specific budget scenarios to be prepared by the 3 cost centers (Town of Sudbury, SPS, and LSRHS).

The committee also requests some updated financial information regarding the current fiscal year so the FinCom can determine if there has been any material change in the current year's budget. Examples of requested information include: details on grants, impacts of any new collective bargaining agreements, status of new hiring and actual vs budgeted FTE's, unanticipated costs and events, information on insurance and benefits renewals.

The FinCom assigns at least 2 members as liaisons to each cost center. The liaisons and cost centers begin budget meetings in October and continue having meetings until the FinCom makes its final recommendation. The FinCom reviews and analyzes the various budget scenarios, conducts hearings, and then confers with the Board of Selectmen before voting on a recommended "no override" budget, and if the Board of Selectmen puts one forward, and "override" budget.

***Structural deficit*** – Salaries and wages comprise of approximately 60 to 65% of the operating budget. This includes the 3 main cost centers and excludes debt. The salaries for all of Sudbury's union employees are determined through collective bargaining. The Town Manager negotiates on behalf of the town for Sudbury's non-school employees. The Sudbury Public School Committee negotiates on behalf of the town with the school employees. The LSRHS committee negotiates on behalf of the Lincoln-Sudbury School District with the LS employees.

Wage increases are comprised of both cost of living increases and step increases for longevity of service and increased qualifications. The combined increases have been increasing in a range of 3.5 to 5.5% per year.

Benefits and Insurance comprise of approximately 15 to 20% of the operating budget. Changes to benefits are determined for all of Sudbury's union employees through collective bargaining. Pension and health care costs comprise of the largest portion of this cost category. The Town and SPS pay 50% towards retirees' costs and 75 to 90% towards current employees' costs. LS pay 75% towards retirees' and current employees' cost. Costs have been rising 12 to 15% per year for a number of years.

Items with a great impact on the budget are: fuel costs, utilities and heating costs, special education costs, and other federal and state mandated costs.

**Item 2: Revenue Projection Presentation:**

Town Manager Maureen Valente provided the committee with a revenue update. She informed the audience that a copy of the presentation will be available on the town's website. She informed the committee that many of these figures are already in their budget books. Her plan for tonight was to explain the FY08 projections, 8 year trends, and benchmarking.

***FY08 Projections*** - Maureen Valente reminded the committee that the figures used on these charts for FY07 are still estimates, since we are only half-way through the fiscal year. She does not expect to see any major changes in the Local receipts. The figures listed under "Available Funds" will see a decrease, because FY07 is the last year the Town will receive a \$30,000 Cop Fast Grant. Even though the "State Aid" figure is lower in FY08 than FY07, we are not actually losing funds. It is showing a decrease, because the Metco funds will not longer show on the Cherry Sheet.

The FY08 projected total revenues are estimated at a 1.17% increase.  
The FY08 projected operating revenues are estimated at a 3.30% increase.  
The FY08 projected debt revenues is estimated at a 15.51% decrease.  
The FY08 projected property tax revenues is estimated at a 0.94% increase.

***8 Year Revenue Trend*** - Maureen Valente explained that Selectmen Larry O'Brien requested that this information be put in a chart. The chart was handed out to the committee and audience members. She stated that the State Aid figures are only starting to recover. We have not seen any major increases in these figures.

Maureen Valente thanked the committee for the opportunity to present this information. Bob Jacobson thanked Maureen, and reminded everyone that if an override is needed it is not an indicator of whether or not the Town is being properly managed.

The next scheduled budget hearing will be held on Thursday, January 11<sup>th</sup>. The Town of Sudbury and Capital Improvement Committee will be the presenters.

**There being no further business, the committee adjourned at 8:30pm.**

