

**Town of Sudbury ~ Finance Committee  
Minutes of Meeting  
Monday – November 16, 2009  
7:00pm – Flynn Building (Silva Room)**

**Present:** Chairman Chuck Woodard, Joan Carlton, Jamie Gossels, Bob Jacobson, Bill Kneeland, Marty Ragonas, Jim Rao, Robert Stein, and Sheila Stewart.

**Opening Comments**

The meeting was opened at 7:03pm.

**Item 1: Approve Meeting Minutes**

The committee was asked to approve the minutes from the October 19<sup>th</sup> meeting. The committee was reminded that Chuck Woodard had submitted his suggested corrections via email.

**VOTED:** Motion to approve the minutes of the October 19, 2009 meeting with the understanding that the suggested changes will be made. Motion made by Bill Kneeland and second by Joan Carlton. On vote, motion carries 8 in support, 0 opposed, and 1 absent (Rao).

**Item 2: Transfers and Other Business**

Except for the SPS request for a transfer from the Healthcare Reserve Fund, there were no transfers for the committee to take action on. The transfer for SPS is to be discussed at a later time during this meeting (Item 6).

**Item 3: Town Departments Liaison Report & Discussion**

Marty Ragonas & Joan Carlton serve as the FinCom liaisons to the Town. Marty Ragonas started the discussion by reviewing the responses that were sent via email on 11/09/09.

***Update on impact of the FY10 appropriated budget:*** Public Safety related areas have felt most of the impacts to the FY10 budgets. The town is not filling vacant positions as quickly as in the past. Emerson Hospital has an anticipated date of October 2010 as when they will stop offering paramedic services to the local communities. Station 3 is closed when employees call out sick to help reduce the cost of overtime payments. The audience was reminded that the ambulance is sent from the main station located on Hudson Road.

The DPW continues to see escalating costs for salt. Another concern for the DPW is the number of dying and dead trees on the town's right of ways. Bob Stein questioned the cost the town states it pays to have trees taken down. Maureen Valente, Town Manager, explained the bidding process that the town is required to go through. The bids are done once a year, and the process is usually started in the spring. She reminded the committee that it is usually more costly for the town to have a tree removed than a resident, because of the location of the trees that the town is responsible for. The town usually has to deal with power lines and traffic concerns.

***Impacts of collective bargaining agreements approved since the June 2009 Town Meeting:*** The committee was informed that the police and fire dispatchers formed a union consisting of approximately 7 members who settled a one year contract for the period ending June 30, 2009. The contract allowed a 2.5% salary increase, which was the same for the town's non-union employees. It was agreed they would receive a \$5.00 per shift night-side differential and a \$375 uniform clothing allowance. All other benefits remained the same as the non-union employees.

***Details of costs/events which were not anticipated and are impacting the FY10 budget:***

**Police Department** had a sergeant out for 8-weeks due to a non-work related surgery. Since this is a supervisory position, his open shifts must be filled which resulted in additional overtime costs. Another sergeant is also

expected to miss a significant amount of time due to a future surgery that is scheduled. Depending when the surgery is scheduled, it is possible that this could affect the FY11 overtime budget as well.

A patrol car for the Police Department was totaled in August. The town received \$10,000 from the insurance company, which is half the cost of a new vehicle.

**Fire Department** has several vacancies. A firefighter passed away during October and the chief has been authorized to fill this vacancy. There have also been other retirements and resignations.

The chief's alarm monitoring initiative is moving along. This would be a fee based service. The initiative was presented at the April Town Meeting.

**DPW** had three employees who required surgery. Two were work related. Their absences ranged from 4 to 7 weeks. This affected the ability of the department to get projects done as quickly as planned.

***Cost Savings / Revenue enhancement programs being contemplated for FY11 budget:***

- Replacing Street lights with a more effective lighting element is estimated to save approximately \$22,000.
- Sharing of Transfer Station hours with the Town of Wayland.
- The Board voted to increase the ambulance rates so that the town has a revenue source to pay for Advance Life Support Services.
- The fire chief would like to hire an additional 4 firefighters to run a second ambulance. This would increase the staff from 32 members to 36. He feels strongly that he can offset the rising overtime costs. There is still research being done on this.

***Recently completed insurance & benefits program renewals:*** New plans were implemented for all SPS personnel and all municipal non-union personnel. The Board of Selectmen approved a 12% increase in premiums for all the old plans. The committee was informed that the increase is determined by the insurance company and not actually the selectmen.

***# of Sick Days:*** Chuck Woodard questioned that it seemed the DPW employees average 15 days per employee. Maureen Valente explained that there were several employees out with long-term illness. If these are subtracted out, the DPW sick day usage would average out to approximately 5 days. Maureen Valente noted that the town employees are not offered personal days.

***OPEB Liability:*** Chuck Woodard asked how frequent the OPEB Actuarial reports need to be completed. Maureen Valente stated every two years, and that this is a very costly project. She is not sure of the implications if they do not have the report done. Andrea Terkelsen informed the committee that there is no requirement to have the figures listed on the town's balance sheet. The information just has to be footnoted on the balance sheet. There is also no requirement that we fund this yet.

***Compensation for managers with an annual salary of \$80,000 or more:*** Marty Ragonis asked for a clarification as to what "Other" pay represents. Maureen Valente stated that it includes sick buybacks, Quinn Bill & Career Incentives, stipends, and deferred compensation matches.

Chuck Woodard questioned the salary for department heads. Based on the spreadsheet it seems like they got a 12% increase. Maureen Valente stated that she will report back to the committee, but informed them that the department heads did not receive a 12% increase. Larry O'Brien reported back at the end of the meeting that Maureen Valente reviewed the department head salaries and that they department heads received an approximate 3.25% increase.

Bob Stein questioned who was eligible for bonus payments. Maureen Valente stated that she is the only town employee eligible for one. She did inform the committee that the senior management team each received \$200 for one-year only. The funds were used from what was left in the incentive budget line. Larry O'Brien informed the committee that the incentive pay was added to her contract approximately 6-years ago. The board does a review of her job performance and assigns her a grade. The town manager then receives a percentage of the incentive pay based on what is agreed in the contract. The committee was informed she has always scored at least 92% or higher on her reviews. Bill Keller informed the committee that the bonus payment amount was pulled out of the

compensation line. The purpose was that the town manager would need to do the expected job in order to get the money at the end of the year.

#### **Item 4: LSRHS Liaison Report & Discussion**

Bob Jacobson and Robert Stein serve as the FinCom liaisons to LSRHS. The committee did not discuss the first five questions included in the LSRHS responses, as these questions were asked by the Lincoln Finance Committee. The committee began their discussion with the response to question 6.

***FY10 Budget – Status and projected cost, new hiring not included in the budget, & FTEs:*** Judy Belliveau discussed the enrollment figures as of October 1, 2009. There are a total of 1,614 students, and of these 1,275 are from Sudbury. The committee was informed that the enrollment figures are the principal factor that is used to help calculate the assessment figure. There were no new hires that were not included in the original budget.

***Impacts of collective bargaining agreements approved since the June 2009 Town Meeting:*** The committee was reminded that these results were discussed at prior public meetings.

***Details of costs/events which were not anticipated and are impacting the FY10 budget:*** The school will see a reduction of approximately \$68,000 for the current fiscal year from the state for Regional Transportation. This state aid is used to offset the communities' assessments. Since this is a FY10 reduction, already appropriated, the reduced aid must be offset by reduced costs in the current year. Since LS realized reduced costs through the new Teachers' Agreement, these savings could be used to offset the Regional Transportation aid reduction. Reduced aid is expected for Fiscal Year 2011 as well. The school is also anticipating a reduction in the Metco grant.

#### ***Update of cost savings/revenue enhancements presented during FY09 and FY10 budget cycles:***

- The Buildings & Ground staff have successfully pursued ISO certification for the district. The annual payment amount the district expects to receive is \$12,000. The funds are being placed in a revolving account and will be used to offset facility maintenance expenses.
- Replacing photocopier machines at considerable savings under the State's contract that has been amended to provide free maintenance for 3-years.
- The school committee adopted Section 18 of MGL Chapter 32 requiring all retirees who are eligible for Medicare to enroll in Medicare Part B.

#### ***Cost Savings / Revenue enhancement programs being contemplated for FY11 budget:***

- Are locked in at a very favorable rate for natural gas for the second half of FY11 through participation in the EDCO collective purchasing.
- Are exploring the implementation of SchoolSpring, an on-line employment application program that is estimated to save the district \$10,000 or more in advertising expenses.
- The IRS regulations regarding 403B plans that are available to school employees changed drastically as of January 2009. The burden of oversight and compliance has been placed on the employer. This has been outsourced.

***Actual student enrollment vs budget:*** The FY10 actual enrollment figure is a decrease for the first time in 15-years of enrollment history..

***Update to FinCom Spreadsheet that was prepared last year:*** Judy Belliveau informed the committee that the gross wages are provided. The list does not include employees who are charged to grants, as they are not part of the operating budget. Chuck Woodard requested that the spreadsheet be revised to include employees charged to grants.

***Compensation for managers with an annual salary of \$80,000 or more:*** The committee was informed that they need to add the "additional compensation" amounts to the base salaries in order to come up with FY10 percentage increase printed in the schedule.

Bob Stein asked if the school was subsidizing any other buildings besides the preschool white house. He was informed they are not. Scott Carpenter explained the function of the White House. The building would need to be

renovated if it were to be used for another purpose. LSRHS does own the building. Judy Belliveau informed the committee that they are in the process of trying to calculate when the reserve funds for the White House will run out. One employee has been eligible for LSRHS benefits, and that employee just took the benefits this year for the first time.

#### **Item 5: SPS Liaison Report & Discussion**

Jim Rao, Bill Kneeland, and Jamie Gossels serve as the FinCom liaisons to Sudbury Public Schools. Jim Rao started the discussion by thanking Mary Will, SPS Business Director, for all of her work in preparing the responses.

***Update on impact of the FY10 appropriated budget:*** Because of the contract negotiations with all of the school unions, no cuts in staff personnel were required due to the appropriated budget. There has been a reduction in staff due to changes in enrollment figures and program changes. The FTE count for FY09 was 389.89 and went up to 393.31 FTEs for FY10 in order to staff full day kindergarten..

***FY10 Budget – Status and projected cost, new hiring not included in the budget, & FTEs:*** A total of 22.2 teacher FTEs were hired. These personnel were hired to replace existing teachers who were leaving due to retirements, LOA and resignations.

***Impacts of collective bargaining agreements approved since the June 2009 Town Meeting:*** Discussion tabled until later in meeting (Item 6).

***Details of costs/events which were not anticipated and are impacting the FY10 budget:*** The circuit breaker reimbursement has been decreased from 72% of special education expenses (minus the foundation amount) to 40%, which is equivalent to approximately \$200,000. The school is expecting further 9c cuts in March. The school is expecting to receive Federal ARRA funds in FY10 & FY11, and the funds must be used for Special Education.

#### ***Update of cost savings/revenue enhancements presented during FY09 and FY10 budget cycles:***

- Full-Day Kindergarten program is self-funded.
- The school & town are sharing a payroll clerk position, which resulted in the school being able to cut a .2FTE staff position in the Central Office.
- Outsourced in-town special education transportation
- Continued efforts for energy conservation.

#### ***Cost Savings / Revenue enhancement programs being contemplated for FY11 budget:***

- Have made gains in the past with energy conservation. With the reduction in their budget, they are no longer able to continue this initiative to the extent they have in the past.
- On-going meetings with LSRHS, and the town of Lincoln and Wayland school districts to discuss the possible shared programs such as professional development and purchasing.
- Continue to work with the town on CORE initiatives.

***Recently completed insurance & benefits program renewals:*** Discussion tabled until later in meeting (Item 6).

***# of Sick and Personal Days:*** The number of sick and personal days taken average out to 10 days per employee. It will average out to 7 or 8 days, if the extended leaves of absences are removed from the calculations.

***OPEB Liability:*** The town is responsible for this analysis.

It was reported that SPS does not subsidize any enterprises like the LSRSH white house.

#### **Item 6: SPS & Sudbury Education Association FY10-12 Labor Agreement**

Susan Iuliano, SPS school committee, reviewed some of the primary terms of the new agreement. She informed the committee that the teachers' union settled first, and then all of the remaining school unions followed. This settlement comes in well below the FinCom's 4.5% recommended limit. She also informed the committee that

Selectmen Larry O'Brien participated in the process this year. She stated the school and town worked very well together to prepare to make changes to the health plans.

Some of the points of the agreement that were discussed were:

- SPS employees agreed to a new health plan design, which results in higher co-pays and premiums for the employees. Over the three-year agreement, the employees' share of the premium will increase to 20%. All new employees hired as of 7/1/09 will pay 30% for the HMO plan and 45% for the PPO plan
- No step increase will be offered during the 2009-2010 school year. A 3% cola increase will be made to the salary schedules. Step and lane advancements will be reinstated for FY11, and those employees on the top step will receive an adjustment of 2.5%. A 1% increase will be made to the salary schedule for FY12, and an additional 1% increase will be added to the top step.

**Item 6: SPS Request for transfer from the Healthcare Reserve Fund**

***Health Insurance Reserve Transfer #10-02*** – This transfer is in the amount of \$460,949 and is being requested by the Finance Director. The approval of this transfer will allow the funds to be transferred from the special Healthcare Reserve Fund to the SPS Unclassified Benefits line. Maureen Valente informed the committee that the school and town did an analysis, and their numbers matched.

**VOTED:** Motion to approve Health Insurance Reserve Fund transfer #10-02 in the amount of \$460,949. Motion made by Bob Jacobson and second by Bill Kneeland. On vote, motion carries 9 in support and 0 opposed.

***Health Insurance Reserve Transfer #10-03*** – This transfer is in the amount of \$567,755 and is being requested by the Finance Director. The approval of this transfer will allow the funds to be transferred from the special Healthcare Reserve Fund to the SPS operating expense budget.

**VOTED:** Motion to approve Health Insurance Reserve Fund transfer #10-03 in the amount of \$567,755. Motion made by Bob Jacobson and second by Bill Kneeland. On vote, motion carries 9 in support and 0 opposed.

**There being no further business, the committee adjourned at 10:03pm.**