

Financial Planning Forum
Monday – September 13, 2010
Grange Hall, Sudbury – 7:30pm

Participants

Board of Selectmen: John Drobinski, Robert Haarde, and Lawrence O'Brien

Finance Committee: Joan Carlton, Tammie Dufault, Jamie Gossels, Bob Jacobson, William Kneeland, Jim Rao, Robert Stein, and Chuck Woodard

LSRHS School Committee: Mark Collins, Radha Gargeya, Kevin Mathews, and Nancy Marshall

SPS School Committee: Jeffrey Beeler, Lisa Gutch, Susan Iuliano, Michele MacDonald, and Richard Robison

Also present: Maureen Valente, Town Manager, Maryanne Bilodeau, Asst. Town Manager, Andrea Terkelsen, Finance Director, Scott Carpenter, LSRHS Superintendent, Judy Belliveau, LSRHS Director of Finance & Operations, John Brackett, SPS Superintendent, Mary Will, SPS Director of Business & Finance, and Bob Mealy, SPS Teacher

Opening Remarks

John Drobinski, Chairman for Board of Selectmen, opened the meeting at 7:33pm. He welcomed and thanked everyone for their attendance tonight. All attendees were provided with an agenda for the forum. The purpose of the forum is as a group to be able to complete a financial forecast for fiscal years FY12 through FY14. He reminded everyone that the group is not trying to solve all of the budget problems tonight. He stated that the goal for tonight is for everyone to listen and understand what each cost center is saying. He asked that the attendees not interrupt others as they are speaking and to be respectful to each other. He told the public that if they had any comments or ideas prior to the next forum to email the Board of Selectmen (selectmen@sudbury.ma.us) or the Finance Committee (fincom@sudbury.ma.us).

FY10 and FY11 Recap

Jim Rao provided the group with a recap of the FY10 & FY11 budget process. He reminded everyone that for the FY10 budget the Annual Town Meeting was convened on three separate occasions, due to ongoing labor agreements and the uncertainty of cuts to State Aid. He stated that the cost centers worked well together and all tried to control their spending. He also reminded everyone that the FY11 State Aid figures were adjusted at the Annual Town Meeting in anticipation that the figures will be lower than what were originally estimated. He informed the public that the school departments have received some Federal Job funding for FY11, but these are only expected to be a one-year funding source. He informed the group that the FY11 revenue projections will continue to be monitored.

FinCom Priorities for FY12

Jim Rao informed the group that the FinCom has discussed their possible priorities at their last two meetings. He stated that a lot of good projects were discussed. The FinCom voted to working on a 3-year budget forecast and to focus on providing awareness regarding the town & school's long-term unfunded liabilities.

Jim Rao reviewed the assumptions that the cost centers were provided with in order to prepare their projections that would be presented tonight. He stated that they wanted to use common assumptions for all of the cost centers. He stated that this was a good exercise in order for the FinCom to create a working module. He clarified that the state grants were projected to remain level.

FY12-FY14 Preliminary Revenue Forecast

Andrea Terkelsen, Finance Director, provided the group with a hand-out showing the preliminary revenue projections for FY12 thru FY14. She reviewed the assumptions used in preparing the projections: State Aid was kept at a flat level through FY14, SBA reimbursements were based on the actual payment schedule through FY14, and all general fund receipts (ex: Building Permit Fees, Investment Incomes) were kept level through FY14 and reflect the FY11 Budget amount. The revenue figures provided do not include any of LSRHS revenues.

Jim Rao stated that it is his opinion that he considers it being very optimistic if they expect State Aid to remain at a level funding. He believes it is more realistic to expect the figure to be reduced. He questioned Andrea Terkelsen to determine if there is any sense on what the trend of the quarterly receipts might be. Andrea Terkelsen responded that they are currently looking at the receipts for the first quarter, and that nothing out of the ordinary sticks out. They will continue to monitor the quarterly receipts.

Maureen Valente, Town Manager, reminded the group that the town is now trying not to use Free Cash to fund the budgets. She reviewed how the town's Tax Deferral Program is affecting the Free Cash figure.

Judy Belliveau, LS Business Director, gave a quick overview of the school's revenues. There are two reasons for revenues coming into the school. One is the fees charged for athletic programs and the other is the tuition charged for out-of-district students. These fees are used to help cover the operating budget expenses associated with these programs. These expenses are then netted out of the budget. Judy Belliveau explained the Reapportionment line to the group. The reapportionment is a similar concept to the town's Free Cash figure. All of the State Aid and reapportionment figures in the forecast were based on using flat assumptions.

Sudbury Public Schools Preliminary Budget Outlook

Susan Iuliano, School Committee Chairman, stated that the school department has a lot of strengths, but they will be facing some difficult situations in the future. They will need to consider what type of schools they want to provide. They are currently one of the highest performing school districts in the state. The schools are well run by hard working teachers, even though their salaries rank in the bottom 3rd. The parents are very involved in the schools' daily operations.

She reviewed some of the problems that the school department are facing: continuing to retain quality teachers, Federal and State mandates, Special Education costs due to the health problem of the students, safety & supervision issues, the need to focus on teacher training, and working with the town to identify the priorities of the type of services the schools should offer.

John Brackett, SPS Superintendent, informed the group that \$680,000 was cut from the school department's budget. He reviewed some of the changes to positions and cuts that took place, prior to the school department receiving the Federal Job funding in September. The school department received approximately \$250,000 for the Federal Job Funding. The group was informed that enrollment has dropped by 1.9%.

John Brackett stated the FY12 structural deficit looks similar to what it was for FY11. Each year out, the deficit gets a little greater. Each year it looks to be a reduction of 11 to 14 teachers.

John Brackett reviewed the following items as issues that the school department will face:

- Enrollment – assuming to be flat for FY12 thru FY14.
- Utilities – currently spend \$1.2 million annually, and expecting a 3% increase
- Special Education – the biggest driver continues to be the outside providers

- Teacher Recruitment – problem is not recruiting the teachers, but to retain them.
- Facilities – Need a facility manager, and he reviewed costs of outside contractors.
- Transportation – trying to bring number of busses down, but need to keep kids safe.

John Brackett stated that one of the goals for the school department is to keep as many programs and services in place that they are currently offering. He stated he would not address the issue of revenues that the school may raise, as the school has very limited control as to what could be raised.

John Brackett stated that he does not believe FY12 will be too bad. He expects FY13 and FY14 to be the worst years.

Robert Stein, FinCom member, questioned John Brackett on the enrollment counts and asked for an exact figure. John Brackett stated that the enrollment figures are 3,106 for FY11 and was 3,165 for FY10, which is a decline of 59 students. He stated that the 1.9% decline in enrollment is considered flat because of the effect on the staffing levels. He stated that they are not expecting to be able to cut any staff because of the decline in enrollment.

Robert Stein questioned the class sizes and if an additional administrator was able to be hired. John Brackett stated the some class sizes were able to be reduced because of the funding from the Federal Job Funding grant. An additional administrator was not hired because they ran out of funds, but that they were able to offer additional support.

John Brackett stated that it should be noted that the teachers do receive step increases and a 2.1% salary increase.

Lincoln-Sudbury Regional High School Preliminary Budget Outlook

Scott Carpenter, LS Superintendent, stated that he tends to bring dreary news to these meetings, so he wanted to start his presentation by discussing what is good about the school. He discussed the core values and the many options that are offered to the students. The school has a good extracurricular activity program. He stated that he moved here over 10-years ago because of the quality of the schools.

Scott Carpenter stated that although they have been cutting staff positions they have seen a 25% increase in the number of students, which has resulted in larger class sizes. He stated that they have seen an increase in the number of students leaving LS to attend private schools.

Scott Carpenter reviewed some positions that were added due to the school receiving funds from the Federal Job Funding. They have added a technology integrated specialist, a math teacher assistant, have increased the librarians' hours, and have given the nurses a few additional hours.

Scott Carpenter stated that before looking at a future 3-year forecast, they need to review the past three years (FY09 thru FY11). He reviewed the FTEs that have been reduced over the years. He stated that he believes FY12 will be the most challenging year. He reviewed the shortfalls for the upcoming 3-years.

Robert Haarde, Selectmen, questioned the salary growths for FY12 thru FY14. Judy Belliveau stated that there are no colas included in the assumptions, and that is the expected step increases that are affecting the salary figures. Mark Collins, SPS School Committee, stated that the LS teaching staff is becoming younger, and that the assumptions do take potential retirements into account.

Robert Stein stated that they are presenting a very bleak picture, and it seems that the only thing that will help is an override. He asked where they are in regards to the recommendations that were made by the Budget Review Task Force and the G4 recommendations. John Drobinski stated that this is not

something to go into now. They are not at the point where they need to be discussing a potential override amount. This is something that will most likely be discussed at the next forum.

Municipal Government Preliminary Budget Outlook

Maureen Valente, Town Manager, stated they used the same assumptions as the other cost centers. She reminded the group that the town provides multiple types of services and have very diverse contracts for several groups. She reviewed the goals of the town: commitment to public safety and public assets, a very special quality of life in Sudbury.

She informed the group that she, the Board of selectmen, and the fire chief are continuing to look at offering Advanced Life Support. This is a major challenge, and was something that Emerson Hospital use to offer to the surrounding communities for free. They have not cut the fire staff, and would like to add 4 additional firefighters to help reduce the overtime budget. The town is currently enrolled in a regional system for Advanced Life Support, which means there is a wait time for responding calls.

Maureen Valente stated that the town departments do have a good working relationship with LSRHS and SPS. A lot of this resolves around the work with the Police Department.

To help reduce costs, the town now shares a Recreation Director position with the Town of Wayland, and have just begun a pilot program offering a shared Transfer Station. They continue to meet to look at possible shared positions. In regards to process of the CORE projects, the town has taken over the payroll process for SPS. The town has also changed several of the street lighting fixtures in order to save money.

The town is continually looking at establishing revolving and enterprise funds in order to fund positions. Without doing so, two positions would have had to been cut this year. The town has invested in technology as a cost saving method. She discussed the new self check-out system at the Goodnow Library.

Maureen Valente reviewed one of the items that were reduced in the budget: Ground Maintenance. You will continue to see more weeds alongside the roads and more unsightly building grounds. A decision had to be made to cut this service in order to not make cuts to public safety budgets.

Maureen Valente reviewed the health insurance premiums that the employees are responsible for. She informed the group that the employees picked up an additional 2.5% of the premiums this year. The town is seeing a savings in this area since the employees are now responsible for a higher percentage of the premiums. All new employees are required to pay 30% of the HMO premium. The town will continue to see a savings in the area as the employees become responsible for more of the cost of the premiums.

Maureen Valente provided the group with a summary sheet that showed everything that presented tonight by the cost centers.

Maureen Valente addressed the capital items briefly. She stated that the lease payments make up more than half of this budget. There are a variety of small projects budgeted here. If a really big project came forward, the capital budget would not be able to absorb it.

Jeff Beeler, SPS school committee, informed the group that about a month ago the Massachusetts School Building Authority informed the schools of a new program called "Green Repair". It will provide partial funding to address issues with windows, boilers, and roofs. The goal of the program is to extend the life of already existing buildings. He specifically addressed issues regarding the Noyes school. Under this program it is expected we would receive 35% of the funding from the state, with an estimated \$2.3

million project cost. He informed the group that both the SPS school committee and the Board of Selectmen voted tonight to authorize John Brackett to submit a letter of interest to the Massachusetts School Building Authority.

Maureen Valente informed the group that the school project would need to be bonded. She stated the Nixon roof would be addressed next year. She stated that the town center is still a major project in the works. She also wanted to keep the possibility of a new police station out there.

Jim Rao reminded the group that they collectively need to start looking at post retirement benefits. This issue could take up a whole meeting of its own. The town needs to start addressing this issue. Other communities have started setting funds into reserve accounts each year for this matter.

There being no further business, the group adjourned at 9:36pm.

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