

Financial Planning Forum
September 27, 2010
Lower Town Hall – 7:30pm

Participants

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

Finance Committee: Joan Carlton, Jamie Gossels, Bill Kneeland, Marty Ragonas, Jim Rao, Robert Stein, and Chuck Woodard

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

SPS School Committee: Jeff Beeler, Lisa Gutch, Susan Iuliano, Michele MacDonald

Also present: Maureen Valente, Town Manager, Maryanne Bilodeau, Asst. Town Manager, Andrea Terkelsen, Finance Director, John Brackett, SPS Superintendent, Mary Will, SPS Business Director, Scott Carpenter, LS Superintendent, Judy Belliveau, LS Business Director

Opening Comments

Selectmen John Drobinski opened the meeting at 7:30pm. He thanked everyone for attending the meeting tonight. He reviewed the ground rules that were presented at the September 13th meeting, and reminded everyone to be respectful to each other. The plan is to be able to wrap up this meeting by 9:30pm.

Overview

Jim Rao, Finance Committee, stated he was asked to provide an overview of tonight's meeting. He stated that he would focus on the heart of the agenda, which will be the revenue generating activities. For the short-term we need to keep control of the operating costs. He reminded everyone that the majority of the budget is compensation and benefits. The town (including the school departments) needs to reduce the rate of growth for compensation & benefits, or make changes to the type of services that the schools and town currently offer. He stated that we cannot lose focus of what we have. Despite budget challenges, we have a good public safety program, good schools, dedicated employees, and citizens who are willing to help in more ways than by just paying taxes. He reminded everyone that this is not a Sudbury issue, and that all towns are faced with similar or worse scenarios than us.

Background

Maureen Valente, Town Manager, reviewed four spreadsheets that had been prepared. The goal of the spreadsheets is to establish a background and to hopefully be used as a helpful tool going forward. She had asked the two school systems (SPS & LS) to provide peer towns that they use to do comparisons against.

The information provided in the first spreadsheet was obtained from the Massachusetts Department of Revenue and Department of Education. She reminded everyone that due to the demographics of Sudbury, it makes it hard to do true comparisons. The information of the first spreadsheet is arranged in order by the column labeled "School Children as % of Population". This information has been provided in the past. The only new info being provided is in the first column labeled "2000-2010 Override \$ Per Capita (2009)".

Maureen Valente reviewed the questions and answers provided on the Observation and Correlations spreadsheets.

To prepare the Peer Community Selection Spreadsheet, they looked at descriptive data. The information for this spreadsheet was used from the Department of Education and Department of Revenue as well.

John Drobinski asked if there were any questions. Robert Stein questioned why the first spreadsheet and the Peer Community spreadsheet had different towns listed. Maureen Valente explained that the spreadsheet was based on certain characteristics most similar to Sudbury.

Revenue Generating Initiatives

Sewer on Route 20 – John Drobinski informed the group that this is an on-going process, and still has a way to go. The town is currently testing property off of the Curtis Middle School area. The Board of Selectmen will be forming a Citizens Advisory Group.

Energy Related Items – Jeff Beeler informed the group of the work that the Energy Committee has been working on. They have received a grant for approximately \$20,000 which will allow for solar panels to be placed on the Noyes School. A grant was also received in the amount of \$141,000 for solar at the Fairbanks Building, which will provide some electricity and hot water. The Green Community Grant: were told in advance of what our funds would be and will be used for various projects throughout the town and schools.

Judy Belliveau stated LSRHS also have solar compactors on sight. A teacher has written and submitted grant paperwork that will allow the school to purchase solar panels. The school worked last year and this year with a state contractor to save energy, which will result in rebates of \$8,000 to \$9,000.

Payment in Lieu of Taxes - Andrea Terkelsen informed the group the town already has some agreements in place with local non-profit organizations and we receive payments from local & state agencies. The town currently receives \$60,000 a year in PILOT receipts. She will be presenting a new PILOT program to the Board of Selectmen next week.

Restricted Giving Program – John Drobinski informed the group that that the town created a new restricted giving program and that an extensive list had previously been presented to the Board of Selectmen. Andre Terkelsen stated that the town has a long history of residents making donations with restricted reasons as to how the funds may be spent. She stated that a detail list of Restricted Giving Programs has been posted on the town's website. They are hoping citizens and businesses will come forward and make future donations.

Grant Writing – Maureen Valente stated that one of the biggest grants the town is working on is for a regional dispatch center. The town came close to obtaining a grant to enhance the fire department staffing. Based on feedback from the original grant submission that town has rewritten and resubmitted the grant paperwork. Applying for grants takes a lot of chiefs' time, and she has asked both chiefs to reach out to the community to try to find someone who is willing to help. She stated that the Sudbury Foundation continues to help the town.

John Brackett stated most grants available to education are for ones that are under-improving schools or poorer communities. For this reason, a lot of times the K-8 system does not even qualify to submit grant paperwork. There are grants available to stimulate new initiatives and new reforms. He reminded everyone that it takes additional staff to complete that required grant paperwork. He informed the group that the Sudbury Foundation allowed the school system to add a social worker for a couple of years. He stated that the federal grants that are received are tied to expected outcomes, and that there are a lot of filing requirements. He stated that they spent last month writing a grant for the school building authority to address the boiler, windows, and roof at the Noyes School.

Scott Carpenter informed the group LSRHS has benefited from local grants, the Sudbury Foundation, and SURF. He stated that one of the housemasters has worked on and been successful in obtaining a Green

Energy Grant. He stated that the school is willing to accept the help from any volunteers who have experience with grants.

Cell tower overlay district - Larry O'Brien stated this is now a 12-year old project and has been fairly successful. It consists of 12 sites on town or water district properties. There are a couple of sites on personal properties. Approximately \$130,000 has been generated yearly. He stated that the Planning Board tried to create a couple of other sites, but too much objection was raised so an article was not put forth at the Annual Town Meeting. He stated that the town needs to continue to look at new overlay districts in order to continue to raise revenues in the future.

Operational Expense Control Initiatives

John Drobinski stated that for discussion purposes the topics of School Administration Consolidation and G-4 will be combined.

School Admin. Consolidation and G-4 – Susan Iuliano informed the group that the concept of consolidating the schools was triggered by the Budget Review Task Force. She stated that many discussions have taking place regarding this issue. There are two primary issues with consolidation: school/government structure and the staffing & costs. She stated that the SPS school committee does not support hiring a joint superintendent. She stated the school committee does encourage looking at other models. She stated that the school departments are now have a shared Metco Director position and LS has eliminated a housemaster. She stated that she does not want the group to lose sight of the gains the K-8 system has made. She stated progress has, can be, and will continue to be made. She commended both superintendents for their work.

Mark Collins stated that this is not the first time the discussion has been raised regarding consolidation. He reminded the group that the Town of Lincoln is a working partner, and that in order to amend the agreement is must be passed at both town meetings. He stated that they would need to research as if there are superintendents who would be willing to report to separate school committees is it was agreed to share a superintendent.

Susan Iuliano gave an overview of what the G-4 is. She stated that Wayland, Sudbury, Lincoln, and LSRHS are participating in the discussions. The group came up with 15 focus areas to be studied. She stated that the group will be presenting a report in the future.

Marty Ragonis questioned if there is an area where all four school systems will be able to regionalize. John Brackett stated that is was a good question. It seems as they keep looking at the 15 areas that it is more possible that 2 or 3 school will regionalize. He stated that they are learning a lot by participating in the G4.

Robert Stein asked if they could quantify how much the Sudbury taxpayers have saved from the successful regionalization of the Metco Directors position. Susan Iuliano responded that this is a grant funded position. Nothing has been saved, as the funds were reallocated within the program to offer better support to the students. They are continuing to work on the program.

Regionalization of Town Services - Maureen Valente informed the group that the town now has a shared Recreation Director with the Town of Wayland. The town will launch its' new transfer station program with the Town of Wayland. The town is continuing to look at regionalized Advance Life Support.

Robert Stein that the Consolidation Working Group is not listed anywhere on tonight's agenda. He stated that in March 2009 Larry O'Brien stated that he was the leader of this group, and that the group would be meeting and sending a letter to the G-4. Robert Stein is wondering what the status of the G-4 is and if the

letter was sent. Larry O'Brien stated that the group last met over 7-months ago. He stated that when the Board of Selectmen was reorganized the liaison position to the Working Group was offered and declined by Mr. Haarde. Robert Haarde stated that the group last met in December and that they probably met a total of four times, and that they did not a lot of studies. John Drobinski reminded the group that the G-4 is doing the work, that things are being done, and we are moving forward.

Benefits & Health Insurance – Maryanne Bilodeau provided the group with a hand-out which reviewed the health insurance costs. She reviewed the first page which provided a history of the health insurance costs and the percentage increase from fiscal year 2000. Fiscal year 2010 is when changes were made to the plan design and the switch in the percentage amount that the employees are responsible for. She stated the town will continue to try to contain the costs related to health insurance.

She stated that the town did look at the state's GIC plan, but the town was able to save more by changing the design of the health insurance plans. It was discussed that the town was able to save \$662,753 from the health plan changes as opposed to joining GIC. The savings expected in FY12 would be \$888,811.

Judy Belliveau stated that LSRHS has gone through similar changes in the past years. She stated that they use to pay 90% of the premiums many years ago, it percentage went down to 80, then to 75%, and is now 70%. They do not distinguish between plans. The school does offer Rate Saver plans, and their insurance coverage is purchased through Minuteman/Nashoba Group. They have looked at the GIC plans as well, and do not believe it would be of a benefit to join.

Jim Rao questioned why the design changes are better than the GIC plan. Maryanne Bilodeau stated that in the GIC plan the same percentage is paid for all employees. Maureen Valente reminded the group that you have to look at what has to be given up in order to get the unions to agree to go to GIC.

CORE Town & School – Maureen Valente stated that there are small projects to enhance efficiencies. The town continues to look at funding a facility manager position. She reviewed one of the core projects where the town took over the payroll process for both the town and SPS. John Brackett did not have anything to add.

Addressing the demographic impact of high percentage of student population

Preservation of Developable land – Larry O'Brien stated that one of the best things that the community did was to implement the Community Preservation Act. This prevents some properties from being developed into multi-home sited. He stated that they need to continue to work on housing options in order to keep seniors in town. The town does not have diverse housing options.

Senior Tax Relief or Assistance – Maureen Valente stated that the town granted the first tax deferral in 1993. The town has 77 active deferrals, where most towns have 3 to 5 deferrals.

Changing the mix and/or quality of town and school services

Jim Rao stated that we need to acknowledge the reality that we are in a revenue constraint environment for the time being and in the near future. We will need to work within the available limits or make changes. The trade-off will come down to what we can or cannot afford to do. We owe it to the tax payers to keep the dialogue open until those decisions have been made.

Items to include in future planning

Jim Rao stated that there are some large items that we need to address sooner than later. One is the OPEB liability. The other is the post employment benefits, with the biggest being the cost of the retiree medical benefits. As of the last audit, the figure was at nearly \$70 million. He stated that this is a Finance Committee priority. He stated that little can be done in the short-term. He stated that we also need to work on rebuilding our Free Cash.

Participant Discussion

Chuck Woodard stated that we need to get the local representatives to support the towns. It should be reported to the taxpayers how the representatives are voting. The largest part of the budget is made up of employee compensation. He stated that state laws regulate what can be done by the towns. He stated the minimum amount that may be paid towards retiree health benefits is 50%. He stated that there are substantial hidden costs to joining the GIC program.

Robert Haarde agrees and stated he is willing to go to the representatives if the information is given to him. He stated that the GIC premiums are cheaper than what the town can get on their own. He stated the instead of bringing in a consultant that we should look at having individuals within the town who would be willing to volunteer their services. We have been facing the same issues year to year, and we need to find new solutions.

John Drobinski stated that although he appreciates the efforts of all of the volunteers within the town, he does not believe they have the background to help with this. The public has elected the Board of Selectmen to lead the town. The group that is here tonight knows the nuts and bolts as to what and how things are done. We have the horse power and knowledge to do what is best for the residents.

Joan Carlton suggested having an outside consultant to come in who is not biased. John Drobinski agreed, but stated he does not believe there are funds available to support this. He stated that we need to continue to look at the core services and the additional service that are currently being offered and that we need to decide if the services are worth what we are paying for them.

John Drobinski stated that no decisions need to be made tonight. He stated that they need to continue to monitor the financial stability of the town.

Audience Comments

There were no comments or questions from the audience.

There being no further discussion, the group adjourned at 9:30pm.