

**Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – July 11, 2011
Flynn Building – 7:30pm**

Present: Joan Carlton, Tammie Dufault, Jamie Gossels, Bob Jacobson, Bill Kneeland, Jim Rao, Robert Stein, and Chuck Woodard

Opening Comments

The meeting was opened at 7:30pm.

Item 1: Transfers and Other Business

Formal Vote on New Member: The committee was informed that they will need to delay the vote on the new member to a later meeting. The town moderator has not been available to meet with Doug Kohen.

Transfer Requests:

Line Item Transfer #11-28: This request is in the amount of \$35,390.42, and is being requested by the Fire Chief. Fire Chief Bill Miles explained that the funds would be transferred from the Fire Department's Salary Line to the Fire Department's Contracted Services Line. He stated the funds are needed to cover the time period of October 2010 thru June 2011 to cover advance life support that was contracted out. Going forward, we will be paying the vendor on a monthly basis.

Chief Miles provided an overview of the way advance life support works and the way the different vendors bill the town.

Maureen Valente provided an overview of the Ambulance Reserve Account. She explained the purpose and how and why funds may be expended from this account.

Voted: Motion to support the approval of Line Item Transfer #11-28 in the amount of \$35,390.42. Motion made by Chuck Woodard and seconded by Bill Kneeland. On vote, motion carries 8 in support and 0 opposed.

Salary Contingency Transfers # 11-22 and #11-23:

Maureen Valente, Town Manager, informed the committee that these two transfer requests will help reduce the snow & ice deficit and would reduce the amount of the Salary Contingency Line to zero.

Transfer # 11-22 is a request in the amount of \$202,420, and is being requested by the town manager.

Transfer #11-23 is a request in the amount \$3,973.42, and is being requested by the town manager.

Robert Stein questioned if there is a Plan B to obtain the sidewalk plows that were discussed at the budget hearings. Maureen Valente stated that there is not. She discussed the vehicles that the DPW have available and their conditions.

Tammie Dufault requested a breakdown of the three lines (overtime, materials, and contractors) that the funds would be used to cover. Maureen Valente stated that she would need more guidance as to what specifically the committee would like to see. Tammie Dufault replied that she would discuss this with her later.

Voted: Motion to support to the approval of Salary Contingency Transfer #11-22 in the amount of \$202,420. Motion made by Jamie Gossels and seconded by Bill Kneeland. On vote, motion carries 8 in support and 0 opposed.

Voted: Motion to support to the approval of Salary Contingency Transfer #11-23 in the amount of \$3,973.42. Motion made by Chuck Woodard and seconded by Bill Kneeland. On vote, motion carries 8 in support and 0 opposed.

Item 2: Follow up discussion on CPA investments

Jim Rao stated that this is a follow-up discussion relating the town's investments. Andrea Terkelsen, Finance Director, has provided some statements. The committee will need to decide what type of action they do or not want to do in regards to the investments.

Maureen Valente stated she sensed Chuck Woodard had the most questions, so she has been in direct contact with him. She suggested the committee form a working group and figure out what the exact questions are and what type of information they are looking for.

The committee was informed that the treasurer, Andrea Terkelsen, is in charge of all of the town's investments. The committee was informed that Andrea does report to the town manager.

The FinCom was informed that there is an advisory committee that is made up of three residents who have experience in this field. They do not oversee the investments. They just consult with Andrea Terkelsen.

Robert Stein questioned if the investment committee get copies of the statements. Maureen Valente responded that she was not sure, and that he would need to check with them. She knows that the committee gets together quarterly, and that they report to the Board of Selectmen annually. Maureen Valente stated that the committee members are not appointed.

Robert Stein stated that he had attended a CIPC meeting that Andrea Terkelsen and Chris Morley were in attendance. He stated that Chris Morley put it on the FinCom to monitor the investments. He stated that he is not interested in making the investments, but thinks a second set of eyes should be viewing them on a monthly basis. He stated that the Morgan-Stanley advisors are not experts, and that they make commissions on what the town invests. Maureen Valente stated that she would be happy to sit down and discuss this topic on a regular basis, but believes it is a two step process. The FinCom needs to get a group together to determine what they want, and then the town will report back.

Jim Rao stated that the FinCom will need to define what they want and what their role will be. The FinCom could provide a supportive role in this matter. He believes the FinCom should not have a decision making factor in this matter.

Tammie Dufault questioned what would happen if the worst case scenario happened if a bad investment was made. Who is held responsible? Maureen Valente responded that ultimately it is Andrea Terkelsen that would be held responsible. The investment committee is a just a three-member advisory board. She reminded the committee that Andrea is fully bonded, and the state laws dictate how she may invest the town's funds.

Tammie Dufault questioned if the town manager or selectmen have any say in the decision of where the funds are invested. Maureen Valente responded that Andrea Terkelsen is paid to make these decisions. By state statute, Andrea does not need to report how she is investing the funds. Chuck Woodard stated he

is surprised that such a major decision with such potential significant impacts is made by just one person. Jim Rao stated that the FinCom needs to learn what the town's process is for investing the funds.

Item 3: FY13 budget planning

Jim Rao stated he would like to have a very brief discussion regarding the budget process. We are entering a new three-year budget cycle, and the FinCom needs to provide some guidance. As a side note, Jim Rao mentioned the new state legislation making significant changes to the way health plans need to be negotiated. He stated the committee needs to become updated on these new changes. He believes the committee needs to look at the revenue prospects for the next three years, and try to estimate what might happen with our receipts.

Tammie Dufault suggested giving budget guidance on getting budgets with and without benefit figures. Jamie Gossels responded that the committee used to do this. The problem is that rate increases are so unpredictable in regards to health premiums. Jim Rao stated that his concern if we don't include benefits in overall budget guidance, then it gives no incentive to cost centers and employees to work to slow the rate of growth of benefits, specifically healthcare. Historical increases range from 10 to 15%, so he feels it is important to keep the information as part of the budget discussion.

Tammie Dufault questioned if we need to do better in our evaluating as a community. She wonders if we could have seen the issue arising with LSRHS sooner. She stated that the Sudbury Public School benefit costs are driven by the town. Maureen Valente responded that this is not true. She stated that SPS settled with the new health plans, and then the town unions followed.

Joan Carlton believes the committee will be able to give better guidance once the committee understands what the new state legislation will allow the town to do with the health plans.

Jim Rao stated that the only known in the budget process will be the non-override budget. He stated that the FinCom needs to come up with reasonable assumptions for the next three years. Maureen Valente stated that she has asked Andrea Terkelsen for a three year revenue forecast, and she would like to know what the FinCom's assumptions might be.

Bob Jacobson stated that part of the guidance should be the inclusion of revenue projections. He stated that the costs should not require an override or a cut to staff.

Jim Rao stated that the cost centers need to find a way to create some free cash. Maureen Valente stated that the best time to do this is when we are expecting an increase in revenues.

Chuck Woodard reminded everyone that we will be eventually required to deal with our OPEB liability. Maureen Valente stated that the Town of Sudbury has set up the mechanism needed to fund this liability. She stated that the Town of Wellesley passed an override to fund theirs.

Item 4: Public Comments

Maureen Valente, Town Manager, informed the committee of the new emergency medical dispatch regulations that the town needs to have in place prior to July 2012. The new regulations require two dispatchers working side by side. One to take the emergency call and the other to dispatch the proper people and equipment. She informed the committee of the current set-up for both the police and fire dispatchers. She stated that the state is making some resources available, but the town will have to pick up some additional costs.

Bob Jacobson questioned if this will push the town and other communities to look into regional dispatching now. Maureen Valente stated that she is not sure. The problem right now is that we have our dispatchers in two different buildings and we are faced with budget constraints. Maureen Valente stated that besides being in separate buildings, we do not have enough dispatchers to cover all of the shifts. She stated that the town is working on getting a waiver for another year.

Item 5: Route 20 Steering Committee membership

Jim Rao stated that the Board of Selectmen is asking for one FinCom member to serve on the Rte 20 Steering Committee, and that he is recommending Robert Stein.

Voted: To support Robert Stein to represent the Finance Committee on the Rte 20 Steering Committee. Motion made by Jim Rao and seconded by Bob Jacobson. On vote, motion carries 8 in support and 0 opposed.

Item 6: Liaison Assignments

Jim Rao thanked those members who expressed opinions on the different positions.

Robert Stein stated that he attended 95% of the LS school committee meeting or watched them on television if he was unable to attend. He recommends that the committee members agree to go to half of the meetings or watch them on television. He pointed out that Susan Iuliano, SPS school committee, attends all of the FinCom meetings. Jamie Gossels stated that she cannot commit to attending 50% of the school committee meetings. Robert Stein opined that Jamie should not be on the committee then.

In regards to the budget process, Jim Rao informed the committee members that he has been asked by the two school committees to ask a FinCom member to copy the chairman on all emails to the school committees when they are asking questions or seeking information from the schools. Tammie Dufault stated that this is concerning, as she believes it diminishes the role of the FinCom. Jamie Gossels stated she does not believe the intent is to not include the liaisons.

Susan Iuliano, SPS school committee, clarified that the question/request is not to come through the chairman, but the intent is to make sure that both chairmen are aware of what is going on. This idea was suggested in part to assist the new SPS superintendent, and to keep additional people in the loop. The liaisons can continue to send the questions, but now both chairmen should be copied on the email. Susan Iuliano stated that the FinCom has a very structured budget process, so she does not believe this should be much of an issue.

Tammie Dufault stated she does not see the benefit in copying the chairman on every question she might propose. She feels that this diminished the role of the FinCom. She stated the question should not be tabled if it has to be answered if someone in the public asked it. Susan Iuliano stated they answer all questions and provide all information the other committees ask of them. They are required by law to answer the public's questions, but are not required to generate documents or analyze data for the public. The school committee is, and has always been, willing to create documents for the FinCom.

Tammie Dufault stated that liaisons need to have a working relationship with the other committees. She does not think that this step is necessary.

Jim Rao stated that no one said that the issue/question has to be brought to his attention before the question is proposed. In his history of serving as a liaison, he has never had an issue in getting information he has requested.

Chuck Woodard and Jamie Gossels agreed that this does not seem to be that big of an issue. Bob Jacobson agreed, and stated that he has never had an issue with getting information.

There being no further business, the committee adjourned at 9:28pm.