

**Town of Sudbury
Finance Committee
Minutes of Meeting
Monday, March 16, 2015**

The Town of Sudbury's Finance Committee (FinCom) Meeting was held in the Flynn Building and was called to order at 7:32 PM by Chairman Susan Berry.

FinCom Attendance

- Present: Jeff Atwater, Susan Berry, Adrian Davies, Fred Floru, Jose Garcia-Meitin, William Kneeland and Mark Minassian
- Absent: Jeff Barker, Joan Carlton

Item 1: General Business

Minutes approval:

Motion to approve the minutes of the 2/23/15 FinCom meeting was made by Bill Kneeland
Seconded by Adrian Davies. The vote was unanimous.

Motion to approve the minutes of the 2/24/15 FinCom meeting was made by Fred Floru.
Seconded by Bill Kneeland. The vote was unanimous.

Motion to approve the minutes of the 2/26/15 FinCom meeting was made by Jeff Atwater.
Seconded by Adrian Davies. The vote was unanimous.

Transfers and other business:

Transfer: There were no transfers.

Other Business: There was no other business.

Item 2: Review Warrant Articles 17 & 49;

a) Article 17: Establish Special Revolving Fund – Town Owned Synthetic Turf Fields

Nancy McShea, the Director of Sudbury Park & Recreation, and James Marotta, member of Sudbury Park and Recreation Commission, presented. Article 17 is intended to put a mechanism in place which will allow the Town to put money aside to replace turf fields. Nancy stated that the effort is a bit behind the eight ball, that this should have been done nine years ago when the fields were first installed. She stated that fields can last 10 years. However, when the material goes, it goes. These fields carry a \$300,000 - \$400,000 replacement cost. Sudbury Park & Rec. was looking at a number of different ways to account for this potential expense over the past few years. Some ideas were to allow citizens/user groups to make donations, or to transfer reserve funds. This year Park & Rec. is simply trying to create the fund. Nancy stated that it would take a Town Meeting vote to actually spend any of the money that may accumulate in this fund. She stated that the Town currently has four fields. Park & rec. would initially put \$100 in this

fund and the fund would act in a similar manner as the DPW Rolling Stock Stabilization Fund.

Bill Kneeland asked if any of the LSRHS fields are included. Nancy McShea stated that the Community Field at LSRHS is a joint field. Community Field is eight years old.

Fred Floru asked if the replacement costs would be considered maintenance or construction expense. He was wondering if CPA funds could be used. Nancy McShea answered that CPA funds could not be used given that this is an artificial surface.

b) Article 49: Davis Field Improvements

Nancy McShea the Director of Sudbury Park & Recreation and James Marotta member of Sudbury Park and Recreation Commission continued their presentation.

Susan Berry began the conversation by asking if irrigation is included in the \$1,000,000 project. Nancy McShea said that it is not. Park & Rec does not have the total figure yet on the cost of irrigation. She said the next step is to do a fracture test analysis. This is done for the purposes of placing wells. They could then plan an irrigation system around this. The irrigation costs could run between \$100,000 and \$800,000. This all depends on how much water can be drawn from the wells and whether or not the system will require the use of tanks. She said that Sudbury DPW will be doing most of the work and that they can put the infrastructure in place ahead of time.

Susan Berry asked how the irrigation system will be funded. Nancy answered that user groups could fund the expense. She also added that there might be money left over from the initial \$1,000,000 CPC funding. Another option would be to request additional funding through Town Meeting.

Adrian Davies questioned the \$1,200,000 project estimate. He saw this as \$1,000,000 coming from CPA funding and \$200,000 from user groups. He also questioned the range of expense for the irrigation. Nancy McShea answered that we should not get hung up on the \$100,000 to \$800,000 range on the irrigation estimate. She said that none of the existing Sudbury fields have tanks. However, she offered that this is in the range of possibilities and will drive the cost of irrigating the fields.

Fred Floru asked if Park & Rec could apply for a PARC Grant. Jim Marotta addressed this question by stating that any attempt to reach out to the State for the purposes of applying for a PARC (Parkland Acquisition and Renovations for Communities) grant would require that the grant be awarded before any work is done. The state would have needed to award the grant prior to the design phase. He said that this could take two to three years before Sudbury could get the monies processed. He added that he was not sure that the project could have been fully funded. Given the timeline Sudbury Park & Rec. chose not to go that route. He said that Sudbury no longer has the luxury of waiting.

Nancy McShea added that this project would have the fields playable two to three years from now as matters stand. She said that aside from the construction/grading that it will take a year or more for the grass to take hold and be able to support athletic events. She said that if we pursue the PARC grant we would be adding another three years, for a total of up to six years, to this effort.

Adrian Davies asked if drainage is a problem. Nancy McShea said that drainage can easily be addressed with the grading. She said that this is an earth moving project and that we need to get the right elevations to get rid of standing water.

Susan Berry asked if Park & Rec. has been through the Conservation Committee process. Nancy McShea said that they will be in front of them by April.

Jose Garcia-Meitin asked who the user groups are who would be serviced by this project. Nancy McShea said it would be Sudbury Youth Soccer, Sudbury Baseball and Sudbury Lacrosse. She also said that the baseball fields would have 100 foot outfields which would be appropriate for younger players, i.e. T-ball.

Jose Garcia-Meitin asked how many children were enrolled in the programs that these user groups offered. James Marotta said that he would forward this information.

Jose Garcia-Meitin asked what the alternatives were to the Davis field project. Nancy McShea reviewed the options. She said that Ti Sales was a much smaller facility and that there were significant traffic issues with how the property exited onto Route 27. She said that the possibility of using the Melone property was a long way off and that there was a lot of competition with Housing efforts in Sudbury. She also spoke of the possibility of further developing Mahony, the Crime Lab, Feeley, and Curtis. Each of these alternatives presented their own challenges and only offered to pick up perhaps one field.

Jose Garcia-Meitin asked what the plans were to rest the fields at Haskell. Nancy McShea said that Park & Rec. will begin resting all the fields along Hudson Road at Haskell. This resting process will begin the spring of 2015 and proceed into the fall. She said that there is too much crab grass and dirt present and that they need to be rested before the fields become a complete loss.

Item 3: Review Warrant Article 29: Capital Account

Michael Melnick and Craig Blake from the Permanent Building Committee presented.

The Permanent Building Committee (PBC) is seeking to create an account which will allow them access to funds if they should need to do schematic design work on pending projects. Mike said that projects sometimes require schematic designs in order to submit for grants and the PBC is not currently able to fund this. Presently the PBC would need to go to Town Meeting to get the funding appropriated. In doing this the PBC might lose the opportunity to secure 32 to 36% of projects costs through the MSBA. Mike said that the PBC simply does not want to miss any opportunity. He said that the dollars spent from this fund can be recouped once the project in question is ultimately funded.

Mark Minassian said that this is basically a rolling process. Mike Melnick agreed with this characterization, that the money would be put back if the project gets funded.

Adrian Davies asked if we would need to use the wording "Revolving Fund" in the Article. Mike was not sure.

Andrea Terkelsen offered that in the past the PBC had an expense budget. This was removed from the PBC. She said that another source for funding these activities could be to take funds from the respective School Committee.

Adrian Davies asked if we could fund this from the Energy Stabilization Fund. Susan Berry offered that Town Meeting voted that the Energy Stabilization Fund would only be used on projects specifically related to energy savings.

Item 4: Review Warrant Articles 15, 16, 42

a) Article 15 - Funding of the Energy Savings Program Stabilization Fund.

Jim Kelly, Rami Alwan, Joe Martino, Bob Morrison (all of the Energy and Sustainability Committee). Jim Kelly began the presentation by stating that this article is not asking for any expenditure but rather to reallocate dollars saved, through electric consumption initiatives, into the energy savings stabilization fund. The Energy and Sustainability Committee (ESC) is the group responsible for the solar array at Town landfill. The ESC wants to move \$100,000 in energy savings generated by the landfill into the fund. This will require a 2/3 vote at Town Meeting. This funding is only to be used for energy efficiency projects, or capital energy projects, and not general building projects. There may indeed be energy conservation implications in building projects but these projects may not fit within four corners of the article. This Stabilization Fund was created at the 2014 Town Meeting with an initial appropriation of \$20,000. This article will appropriate \$100,000 in energy savings to the Fund.

The savings realized are by way of net metering credits at seven town facilities. Total savings generated in 2014 was \$165,405. We were guaranteed savings which were less than this amount.

Fred Floru offered that the efficiency of these systems tend to degrade over time.

Adrian Davies asked if the rate paid to Sudbury, for the electricity which is sold back to NStar, is regulated by State of Massachusetts. Bob Morrison said the rate is regulated by the Massachusetts Dept. of Public Utilities (DPU), that it is currently around \$.18 per Kwh as compared to the roughly \$.11 per Kwh that Sudbury pays for electric usage on its municipal properties.

Jim Kelly stated that the credits are applied to town facility bills. He also stated that the Town has yet to earn the projected \$165,000 in savings for 2015 so the ESC is being conservative by asking for \$100,000 of savings to be transferred.

Adrian Davies asked where the dollars being appropriated actually coming from. Rami Alwan answered that it is in various Town departmental budgets.

Bill Kneeland, then asked if the town departments will see a charge to move these savings into the fund. Andrea Terkelsen answered by saying this is a current year credit.

b) Article 16 - Use of the Energy Savings Program Stabilization Fund.

Jim Kelly, Rami Alwan, Joe Martino, Bob Morrison (all of the Energy and Sustainability Committee) continued the presentation. Jim Kelly said that the proposed article supported an LED lighting retrofit on portions of the Haynes and Curtis schools. The anticipated project cost is \$50,000 which would be drawn from the Energy Savings Program Stabilization Fund. The project would utilize energy incentives provided through NStar. There are two concerns with this Article. The first is that Article 15 must first pass so that sufficient funding would be available in the Energy Savings Program Stabilization Fund. The second concern involves the economic viability of installing LED lighting at these two schools. This stems from possibly not receiving sufficient LED lighting incentives from NStar and from the long, up to 20 year, payback on this project. Given these two concerns this Article might be postponed by the ESC.

Susan Berry asked if the Energy Committee will bring another project forward if they do not choose to continue with the LED project. Jim Kelly answered that the ESC might not bring any project forward.

c) Article 42 - Town Wide Electric Aggregation

Rami Alwan of the ESC continued the presentation. Article 42 proposes to aggregate Sudbury's residential electric customers into a larger buying group for the benefit of reducing their electric rates in a competitive market. In 1997 the Electric Restructuring Act deregulated the electricity market. However, most residential electricity consumers have not been able to benefit from this Act. They are simply too small a customer individually for any electricity provider to pursue. Suppliers have no incentive to sell to one house. This year the energy component of a residential customer's electricity bill has increased by 100%. The ESC wants to aggregate the Town's roughly 5,400 residents. This will allow Sudbury residents to decide on what type of generation they wish to buy electricity from, green/eco-friendly electricity or made in Massachusetts etc. The residents will also have the opportunity to opt out from the program. Rami Alwan mentioned that John Shortsleeve (sp?) is the Town's electricity broker. He could manage the deal for the Town's aggregated residents. There is a five month process of evaluation and selection of a supplier. The entire process could take a year to complete.

Adrian Davies asked if the electric rates change by amount of electricity consumed. Rami Alwan said that they do not and that there is very low risk to residents. He said that in order to proceed the ESC would need authorization at Town Meeting. From there they could retain a consultant.

Fred Floru asked if the savings would show up in electrical component of the bill. Rami Alwan, said that it would, in the generation/energy portion.

Adrian Davies asked if the residents would be aggregating with the Town facilities. Rami Alwan said that only the residential accounts would be aggregated together.

Susan Berry said that since this will not affect the financials of the Town FinCom may not need to vote on the Article.

There was no further discussion

Item 5: Budget Deliberations and Vote

There was a change to the LSRHS FY'16 2.5% budget. Originally the 2.5% was applied to both the Operating and Debt Service component of the LSRHS budget. This is incorrect as the LSRHS has a decreasing debt service. The result is that the LSRHS 2.5% budget does not have as much money as originally calculated. Andrea Terkelsen presented revised LSRHS budget figures.

As a result of the FinCom presentation at the March 10, 2015 Selectman's meeting the Sudbury BOS elected to eliminate the \$113,000 appropriation for the rolling stock stabilization fund. Mark Minassian summarized these changes in stating that FinCom previously elected to use \$260M of Free Cash in its March 10, 2015 Option 4 Allocation of the FY'16 Consolidated Budget Summary. Now FinCom proposes to use \$200,000 in Free Cash, adding another \$105,000 from \$113,000 rolling stock appropriation. The net result being that FinCom is effectively adding \$45,000 to the Option 4 Budget.

The Option 4 revised allocation of additional funding to the costs centers was summarized as follows:

Cost Center	Allocation
LSRHS	\$395,000
SPS	\$200,000
Town	<u>\$160,000</u>
Total	\$755,000

Andrea Terkelsen added that there will likely be one more change to the budget before Town Meeting. The SBAB debt reimbursement will likely change from \$1,681,224 to roughly \$1,600,224.

Adrian Davies stated that we will need to use \$200,000 of Free Cash in the following year as well. Susan Berry responded that FinCom could request a lower increase next year in its letter to the cost centers, perhaps 2.25% as compared to 2.5% this year.

This led into a more general discussion on future Town budget considerations. Mark Minassian noted that the Town appears to be headed for larger budget issues in FY'17 and mentioned that

the Town might only be able to correct this with an override. Adrian Davies proposed facing this problem today rather than deferring it to FY'17. Bill Kneeland said that we need to find a way to treat the schools as one cost center, that this is important in helping the Town control the budgeting process. Susan Berry agreed and added that FinCom needs to take the lead on this matter.

Jeff Atwater stated that the allocation of Free Cash is a small amount and that it is incumbent on the cost centers to work within their allotted amounts.

Fred Floru spoke to SPS's efforts to bring out of district placement costs down by bringing the services in-house. He proposed that LSRHS might do the same. Bella Wong, LSRHS Superintendent, said that these practices are currently in place at LSRHS.

Motion to accept the sub-total operating budget of \$87,876,995 as presented in the revised F16 Consolidated budget summary by Andrea Terkelsen. The motion was made by Jeff Atwater Seconded by Bill Kneeland. The vote was 6-1.

Item 6: Warrant Article Deliberations and Vote - Capital Articles 19 through 28

There was initial concern that a number of the Warrant Articles might be funded through Free Cash. The concern over the funding source led some to believe that perhaps FinCom should delay its vote. There was general discussion around the use of Free Cash to fund these articles. It was suggested we vote assuming funding source suggested by CIAC.

Andrea Terkelsen mentioned that our position or opinion on the Articles is the primary concern, the funding source is secondary. Susan Berry added that we can vote our opinion today and revisit this later if something should change. Bill Kneeland said that he was ready to vote on these articles today regardless of the funding source. The remaining committee members came to a consensus and agreed to vote on the articles.

a) Article 19

Raise \$96,000 for Cardiac monitors. CIAC had recommended the use of Free Cash for this Article.

Motion to approve Article 19 was made by Bill Kneeland, seconded by Jeff Atwater. The vote was unanimous.

b) Article 20

\$108,000 Carpet replacement Goodnow and Schools. CIAC had recommended the use of Free Cash for this Article.

Motion to approve Article 20 was made by Bill Kneeland, seconded by Jeff Atwater. The vote was 6-1.

c) Article 21

Natorium roofing. Jim Kelly has not decided whether to go forward with this article. What to do about the roof may depend on timing of a decision about a Community Center, and Jim may know more about this after an upcoming public hearing on the preliminary design proposals for a Community Center. FinCom will report at Town Meeting on this article.

d) Article 22

\$106,600 LSRHS Fire Alarm System upgrade. CIAC had recommended the use of Free Cash for this Article.

Motion to approve Article 22 was made by Jose Garcia-Meitin, seconded by Fred Floru. The vote was unanimous.

e) Article 23

\$200,000 Town and School parking lots. CIAC recommended funding by capital exclusion.

Adrian Davies expressed the opinion that given the especially tight budgets this might be asking too much of the town to cover these expenses. He asked if this could be deferred. Chuck Woodard commented on the Town's capital plan and the need to address an enormous backlog. Aside from Capital exclusions the only way to fund this would be to utilize a debt exclusion.

Fred Floru looked ahead and saw a large bump in small projects in FY'17 and F'18. He said that we either need to address this now or face an even larger Capital need in the two following years.

Motion to approve Article 23 was made by Bill Kneeland, seconded by Jose Garcia-Meitin. The vote was 6-1.

f) Article 24

\$220,000 School Security and Access Controls. CIAC recommended funding by capital exclusion.

Motion to approve Article 24 was made by Fred Floru, seconded by Bill Kneeland. The vote was unanimous.

g) Article 25

\$100,000 School Flooring. CIAC had recommended the use of Free Cash for this Article.

Motion to approve Article 25 was made by Jeff Atwater, seconded by Bill Kneeland. The vote was unanimous.

h) Article 26

\$75,000 School Rooftop HVAC Replacement (Noyes or Loring). CIAC had recommended the use of Free Cash for this Article.

Motion to approve Article 26 was made by Bill Kneeland, seconded by Jeff Atwater. The vote was unanimous.

i) Article 27

\$311,300 DPW Truck Replacements. CIAC had recommended the use of Free Cash for this Article.

Mark Minassian felt that the \$311,300 was too much for the use of Free Cash given the situation with the Snow and Ice fund. He would feel more comfortable if this were to be funded as a Capital Exclusion. Bill Kneeland said that this is more a question of need, that he is not comfortable with increasing the Capital Exclusion. Jose Garcia-Meitin agreed with Mark Minassian given how Free Cash was already being used to fund a portion of the F'16 Operating Expense in addition to the other factors stretching the F'16 budget. Fred Floru offered that this is a small portion of the Capital Exclusion total and that making such a determination with this particular Article might be a bit arbitrary. In general there exists some uncertainty as to where the Free Cash will be used.

Susan Berry suggested that we defer voting on this Article until we know whether the motion will be to use Free Cash or funding by Capital exclusion. No vote was taken on this article.

j) Article 28

\$300,000 Cutting Athletic Field Lighting.

There was discussion around whether this Article presented more of a want than a need, especially given the expense.

Jose Garcia-Meitin said that there are two user groups affected by this Article, Sudbury Soccer and Sudbury Lacrosse. He estimated that there are 1,800 children who participate in these programs, which is comparable to the enrollment of all four of the Town's elementary schools. He said that given the resting of Haskell field that this might be needed.

A straw vote was suggested by Bill Kneeland, the results of which indicated that FinCom would not support the Article.

Motion to approve Article 28 was made by Bill Kneeland Seconded by Adrian Davies. The motion was defeated. The vote was 1-6.

Item 7: Public Comment

Radha Gargeya, the Chair of LSRHS School Committee, thanked FinCom for the support on the allocation of the additional funding and for FinCom's hard work. He hopes we can begin discussions with the cost center in June on the challenges of the FY'17 budget.

Andrea Terkelsen stated that tonight's meeting would be her last meeting with Sudbury FinCom. She thanked the Finance Committee for the past ten years. She wished FinCom the best and said she will be looking in on us from time to time. FinCom thanked Andrea for her many contributions to the Town of Sudbury and wished her continued success as Finance Director for the town of Dedham Massachusetts.

5. Adjourn –

Susan Berry asked for a motion to adjourn. Adrian Davies made the motion; it was seconded by Bill Kneeland, and passed unanimously. The meeting adjourned at 10:39 PM.