

**Sudbury Finance Committee
Meeting Minutes
December 11, 2017**

ATTENDANCE

Finance Committee Members Present: Bryan Semple, Chairman (arrived after the vote on budget transfers) Jeff Barker, Vice Chairman, Jeff Atwater, Susan Berry, Joan Carlton, Adrian Davies, Jose Garcia-Meitin, Eric Poch (arrived after the vote on budget transfers)

Absent: Tammie Dufault

Also Present: Board of Selectmen--Susan Iuliano and Pat Brown, Town Manager--Melissa Murphy-Rodrigues, Lincoln-Sudbury Regional High School--Sherry Kersey, Finance Director and Bella Wong, Principal/Superintendent, Sudbury Public Schools--Don Sawyer, Director of Business/Finance and Anne Wilson, Superintendent

CONVENE:

Vice Chairman Jeff Barker called the meeting to order at 7:00 p.m. The meeting convened at the Silva Room, Flynn Building, 278 Old Sudbury Road, Sudbury, MA 01776.

ITEM 1: Public Comment

Vice Chairman Barker opened this portion of the meeting for Public Comment.

There were no public comments.

ITEM 2: General Business

- **Approve Meeting Minutes**

There were no meeting minutes to approve.

- **Transfers**

Town Manager, Melissa Murphy-Rodrigues presented the budget transfers. Ms. Murphy-Rodrigues stated that the Town is respectfully requesting \$200,000 from the Reserve Account to the Eversource Litigation Cost Account. Ms. Murphy-Rodrigues stated that the current balance in the Reserve Account is \$500,760. Ms. Murphy-Rodrigues stated that the money would fund litigation and the filing of the MBTA/Eversource Case. A brief discussion followed on the hearings that have taken place so far. Ms. Murphy-Rodrigues stated that the majority of the costs are for the hearing and for the experts that are testifying on behalf of the Town of Sudbury. The conversation veered to funding

unemployment cost. Ms. Murphy-Rodrigues stated that the current spending on SPS side is approximately \$15,000/per month. She added that the average cost during a year where there are no layoffs is \$3,000/per month. A brief discussion followed on litigation cost to date.

Motion and Vote

Susan Berry moved, and Joan Carlton seconded the motion to approve the budget transfer as submitted.

The motion carried. The vote was unanimous.

- **Liaison Reports**

Mr. Barker recapped the discussion on the LS Excess and Deficiency (E&D) account from the previous meeting. He stated that a general policy has been drafted and sent to Bella Wong, Principal/Superintendent, and Sherry Kersey, Finance Director.

ITEM 3: Public Comment

There were no public comments.

ITEM 4: Exhibit 1 Presentation and Discussion (please advise if any Cost Centers wish to dial in)

Vice Chairman Barker opened this item for discussion. He invited the Cost Center to present their comments on Exhibit 1: Questions and information to discuss prior to formal budget submission.

- **Lincoln-Sudbury Regional High School**

Sherry Kersey and Bella Wong presented the LS Exhibit 1. Ms. Kersey stated that there are no FY18 budget pressures currently. She described FY19 budget pressures and the impact on the FY19 budget. She stated that she is monitoring transportation, health insurance increases, and utility cost. Ms. Kersey summarized the potential pressures associated with the transportation program that LS and SPS share. She stated that should the school start time shift there would need to be a recalculation of the transportation budget. She added that a traffic consultant would need to be hired if there are additional changes to the half-day schedule for both schools. Ms. Kersey also summarized potential pressures involving health insurance increases. She stated that she is budgeting for a 10% increase. Ms. Kersey spoke about pressures associated with utility costs. She stated that utility costs are estimated at \$100K/per year with a rate increase halfway through the year in FY19. Ms. Kersey noted that she is expecting a net metering credit from Eversource which would minimize some of the costs.

Ms. Kersey presented an update on new initiatives in FY18 and information about new initiatives contemplated for FY19. She spoke about programs that have been added, which are the Beacon

Program and Mandarin, and she stated that a Teaching Assistant position has been added. Ms. Kersey stated that new initiatives for FY18 are a continuation of existing programs. She described new initiatives for FY19.

Ms. Kersey presented an update on the compensation of employees paid over \$100,000 and summarized grants over \$50K. The conversation veered to a lengthy discussion on OPEB normal cost. Ms. Kersey stated that student enrollment was projected at 1,515 on October 1st and the actual number is 1,529. She stated that out-of-district cost was budgeted at \$4,977,000 and as of November the projected known placements were \$4,852,653. Ms. Kersey stated that as of the end of FY17 there was approximately \$877K in the circuit breaker account.

- **Sudbury Public Schools (SPS)**

Don Sawyer, Director of Business and Finance, and Anne Wilson Superintendent of Schools presented Exhibit 1. Mr. Sawyer responded to the Finance Committee on the FY18 budget pressures and described budget pressures associated with transportation costs and a special education teaching assistant position. He stated that transportation costs are being shared between LS and SPS, with SPS paying 2/3. Mr. Sawyer stated that in FY18 two busses were added to the shared routes, the expense of which is more than what was budgeted for. He added that this expense would carry over to FY19 along with other costs that include increase school bus contract a \$95K increase to the account for the fact that the excess in the revolving account will be depleted in FY18. The conversation veered to a discussion on potential school start time changes and the traffic study.

Dr. Wilson responded to question 2 on new initiatives in FY18 and information about new initiatives contemplated for FY19. She stated that she does not have the costs estimates for the new math program and the science standards for FY19 but would have them soon.

Chairman Semple stated that aside from the FY18 budget pressures related to transportation and the special education teaching assistant position as well as declining FTEs, the SPS FY18 budget is in good shape. The conversation veered to a discussion on FY19 budget pressures relating to special education out-of-district cost, circuit breaker reimbursement, and FY18 special education out-of-district carryover. A discussion followed on the Budget Reconciliation Sheet.

- **Town**

Melissa Murphy-Rodrigues, Town Manager, responded to questions from the Finance Committee on Exhibit 1. Ms. Murphy-Rodrigues provided clarifying information on compensation information for

employees paid over \$100,000. Ms. Murphy-Rodrigues stated that she is meeting with Town departments this week to receive their budget submissions. She stated that she would update Exhibit 1 as she moves forward in the process of budget discussions with Town departments. A brief discussion followed on OPEB Normal Cost and COLA increases.

ITEM 5: LS E&D Discussion

Chairman Semple introduced this item. He stated that the purpose of this discussion is to develop guidance on how to treat E&D spending. Chairman Semple invited Bella Wong to share with the Finance Committee what LS would like.

Ms. Wong stated that E&D would certify at about \$950K at the close of FY17. She explained that E&D should be used for extraordinary expenses, or replacement of single large assets, or extraordinary operating expenses. Ms. Wong stated that the LS School Committee would decide on a percentage of a minimum spending range. She also stated that anything over 5% gets apportioned back to the spending districts. Ms. Wong noted that \$650K is projected for Turf Field Replacement. She added that at the end of FY18 she does not anticipate a lot rolling over into E&D. A general discussion followed on efficiencies to simplify spending process. Susan Berry suggested that the LS School Committee decide on an amount in E&D that would address emergencies, and earmark a higher amount that could be used to fund capital projects specific to LS. Chairman Semple stated that once the LS School Committee decides on a minimum number in E&D a policy can be drafted that would promote an efficient spending track.

ITEM 6: OPEB Vote

Chairman Semple opened this item for discussion. He recapped the discussion from a previous meeting on this item. After a lengthy discussion on how to fully fund the OPEB Liability, the Finance Committee decided that their guideline would include the following language: Finance Committee desires to move all Cost Centers to the Normal Cost based on the more conservative rate of 5% in the FY2015 Actuarial Report. Since the gap between the current level of funding OPEB and the Normal Cost requirement is large, the Finance Committee is requesting that we close the gap at approximately \$150K per year for the Town and SPS combined and \$60K per year for LS. At this rate with no major changes to the discount rate, we would close the gap in the current required normal cost contribution in 7 years. In future years when the actuarial tables are revised our guidelines would be to look at the gap between current funding level and required normal cost and consider the ability to pay without severely impacting the budget.

Motion and Vote

Jose Garcia-Meitin moved, and Jeff Barker seconded the motion to approve the OPEB Guidelines as submitted.

The motion carried. The vote was 7 yes, 1 no

ITEM 7: Discuss LS Memorandum of Understanding with L-S Teachers

Chairman Semple opened this item for discussion. He referred to the LS settled contract. A discussion ensued on what the Finance Committee's roll should be, the impact on the budget and other negotiations underway.

ITEM 8: Future Agenda Topics**ITEM 9: Public Comment**

There were no comments.

ITEM 8: Adjournment**Motion and Vote:**

Jeff Barker moved, and Adrian Davies seconded the motion that the December 11, 2017, Finance Committee meeting adjourns at approximately 10:50 p.m.

The motion carried. The vote was unanimous.

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Next scheduled meeting of the Finance Committee is Thursday, January 11, 2018, at 7:00 p.m.

Respectfully Submitted: Cheryl Gosmon, Recording Secretary