

**Sudbury Finance Committee
Meeting Minutes
November 5, 2018**

ATTENDANCE

Finance Committee Members Present: Jeff Barker, Vice-Chairman, Jeff Atwater, Susan Berry, Adrian Davies, Lisa Gutch (arrived at 7:28), Jean Nam, Glenn Migliozi, Eric Poch (arrived after the meeting minutes vote)

Absent: Bryan Semple

Also Present: Dan Carty, Sudbury Board of Selectmen and Chairman for the Strategic Financial Planning Committee for Capital Funding, Pat Brown, Sudbury Board of Selectman

CONVENE:

Vice-Chairman Jeff Barker called the meeting to order at 7:12 p.m. The meeting convened in the Police Station Conference Room, 75 Hudson 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**

Motion and Vote

Adrian Davies moved, and Susan Berry seconded, the motion to approve the minutes of January 25, 2018, meeting as submitted.

The motion carried. The vote was four yes, two abstentions.

- **Transfers**

There were no Budget Transfers to approve.

- **Liaison Report**

Jean Nam reported that Sudbury Public Schools (SPS) has started their budget discussions. Ms. Nam stated that SPS is concerned that there is a mismatch between what they have been working towards and what the new guidance is.

Susan Berry stated that a Budget Strategies Task Force meeting is scheduled for November 20 to talk about this concern.

- **Review Calendar**

The Finance Committee reviewed open dates in January and February. The Finance Committee decided to continue its review on dates, relative to budget deliberations and Cost Center presentations, at its November 19, 2018, Finance Committee meeting.

ITEM 3: Budget Guidance Letter Discussion - Do We Give Guidance

Vice-Chairman Barker opened this item for discussion. He referred to the Finance Committee's past practice of having a formal read out by each Finance Committee Liaison on the Cost Center's preliminary budget. Vice-Chairman Barker stated that this was a good practice and a good kickoff to the budget process. He noted that the Finance Committee did not engage in this practice last year, that the Cost Centers used a more direct approach to presenting unexpected pressures and favorable changes within their budgets to the Finance Committee.

Jeff Atwater stated that the Town Manager made it clear last year that she was going to drive to propose a budget fits within the Proposition 2 ½ limits and that it was up to the Finance Committee to propose something different if the committee disagrees with the Town Manager's budget.

Eric Poch noted that what is different this year is that there are a couple of earmarks out there: Broadacre Farm and potentially a deficit in the preferred 2.5% buffer for Free Cash.

Jeff Atwater stated that in terms of guidance, the Cost Centers will give the Finance Committee what it asks and they will give us two or three other budgets. He added that the Finance Committee would be better off focusing their efforts on what's changing and what's driving the change in the Cost Center budgets. Otherwise, we will spend too much time trying to figure out which budget is which and what it includes or doesn't include, etc.

Jean Nam stated that she agrees with Jeff Atwater. She added that it might be worthwhile to ask for a presentation from the Town Manager on the revenue forecast and what are the factors that come into play when the Town Manager makes her recommendations on the Cost Centers budgets. She stated that this would be appropriate for the Finance Committee to understand so that the Finance Committee could then help the Cost Center achieve that and understand what the tradeoffs are

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between each Cost Center. She stated that this is a more official process and could avoid miscommunications.

Susan Berry added that the Finance Committee could decide whether to keep Exhibit II and whether to make changes to the Budget Reconciliation Worksheet. She added that the Finance Committee could continue to discuss this item and the Budget Guidance Letter at the November 19th Finance Committee meeting.

ITEM 4: Updates on settled contracts

Vice-Chairman Barker opened this item for discussion. Jean Nam spoke about her calculations for Steps and Lanes relative to the LS budget. She explained that it seems odd that the Steps and Lanes would not increase the LS budget from year to year. Vice-Chairman Barker suggested that he and Ms. Nam meet with the LSRH Finance Director Sherry Kersey to help reconcile the numbers on the LS COLAs, Steps and Lanes.

Ms. Nam stated that the SPS teachers, non-teacher, and custodial contracts were settled and that the nurse's contract was still open. She stated that Memoranda of Agreement for the settled contracts are available for review by the Finance Committee on the shared drive. A general discussion followed. Susan Berry noted that the contracts include in FY19 a 1.5% increase, in FY20 a 2.25% increase and in FY21 a 2.50% increase.

ITEM 5: Ideas from Capital Funding Sources Committee - Susan Berry

Vice-Chairman Barker opened this item for discussion and yielded the floor to Susan Berry. Ms. Berry stated that the Strategic Financial Planning Committee for Capital Funding has determined that the capital assets for the Town and SPS are \$161,000,000 and LS capital assets are approximately \$78,000,000. She added that members of the committee have agreed that the Town budget should include approximately \$2.5 Million per year for replacing and refurbishing of these assets. She stated that this would put Sudbury in line with comparable towns that have capital spending that ranges in between 2.5 and 4% of the budget. She added that currently there is a little more than \$400K in the Town Manager's capital budget. Ms. Berry stated that other capital expenses are funded through either Free Cash, a capital exclusion or a debt exclusion. A brief discussion followed on the Town Managers' capital budget going from \$400K to \$1M. Ms. Berry stated that the Capital Funding Committee is working on recommendations on how to increase the amount for capital spending by approximately \$2Million. She stated that the areas being explored and their impact on other operating budgets are a

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one time override, the use over time of a portion of new growth, lowering the percent assessed for CPA funds and possibly using that amount for capital, allocating efficiencies gained in other parts of the operating budget to a capital line item, and a combination of some or all of these. The committee is also considering how to fold Free Cash into this mix. Ms. Berry pointed out that these are just possibilities that the committee is reviewing, nothing has been finalized but the committee would like to have a recommendation for the Board of Selectmen by the end of the calendar year.

Vice-Chairman Barker recognized Dan Carty, Chairman of the Strategic Financial Planning Committee for Capital Funding. Mr. Carty stated that one of the charges of this committee is to present a recommendation to the Board of Selectmen. The Board of Selectmen would then decide if a warrant article relative to the recommendation is needed. A general discussion followed.

ITEM 6: Time permitting agenda items

- Getting up to Speed on Melone - Melone Property Disposition
Financial model presentation - Jean Nam

Vice-Chairman Barker opened this item for discussion. He stated that this item is the centerpiece for the December meeting and that it is a matter of approval of conveyance of the property to the Town. Vice-Chairman asked if the Board of Selectmen will present the plan for the land in order to get conveyance or requesting conveyance then deciding on a plan.

Dan Carty responded to Vice-Chairman Barkers questions. He explained that there will be zoning changes that will be required. He added that giving the Board of Selectmen the authority to convey the land is necessary for moving the project forward. Conveyance and zoning changes require two-thirds voter approval at Town Meeting.

Pat Brown for the Board of Selectmen stated that there continue to be negotiations. Her understanding of the pieces involved include the development agreement, zoning change, and the Melone Agreement. She added that the zoning change and the ability for the Board of Selectmen to convey the property requires a 2/3 vote at Town Meeting. Ms. Brown stated that there will be a Town Forum on November 27 and organizers are working to put together the information needed so that all the questions can be addressed. She stated that it is not that the Board of Selectmen needs to be convinced, it's a matter of Town Meeting being convinced, and Town Meeting will be convinced by answers. Mr. Carty added that the purpose of the Forum is to educate the

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public on all aspects of this project in advance of Town Meeting.

Jean Nam stated that she put together a financial model that was valid for the original Quarry North proposal but because of various changes the model would need to be adjusted. She outlined what's in the model in terms of tax revenue, property tax, excise tax, CPA surcharge, and in terms of cost: Police, Fire, Schools, and one-time other costs. A brief discussion followed.

ITEM 7: Public Comment

Vice Chairman Barker opened this portion of the meeting to Public Comment and recognized Pat Brown, Board of Selectmen.

Ms. Brown stated that when the Finance Committee Liaisons meet with LS, last spring there was a discussion on 10% increase in health care costs and that LS was going to negotiate that and bring it down and that it might be down somewhat. Her clear recollection from last spring was if LS were to withdraw from MinuteMan Nashoba the cutoff date on doing that withdrawal is December 1. She added LS needs to decide if they are going to do that and stated that she is curious as to where they are and if this is a conversation on the table.

Vice Chairman Barker recognized Dan Carty, Board of Selectmen.

Mr. Carty stated that the Town Forum will take place on Tuesday, November 27, 2018, at 7:30 pm at Lincoln Sudbury Regional High School.

ITEM 8: Future Agenda Topics

Vice-Chairman Barker compiled a list of future agenda during the meeting. Susan Berry would like to include a review of the Free Cash Policy on the list for possible discussion on November 19.

ITEM 9: Adjournment

Motion and Vote:

Lisa Gutch moved, and Susan Berry seconded the motion that the November 5, 2018, Finance Committee meeting adjourns at approximately 8:35 p.m.

The motion carried. The vote was unanimous.

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*Next scheduled meeting of the Finance Committee is Monday,
November 19, 2018, at 7:00 p.m.*

Respectfully Submitted: Cheryl Gosmon, Recording Secretary