

Strategic Financial Planning Committee for Capital Funding
December 14, 2018
Meeting Minutes
Flynn Building – Silva Conference Room

Members Present: Susan Berry (Finance Committee), Jean Nam (left at 9:03) (Finance Committee), Jamie Gossels (CIAC), Thomas Travers (CIAC), Pat Brown (Board of Selectmen, Dan Carty (Board of Selectmen), Silvia Nersessian (Sudbury School Committee, Lisa Kouchakdjian (Sudbury School Committee), Kevin Matthews (LS School Committee)

Members Absent:

A quorum being present, Chair Dan Carty called the meeting to Order at 8:38 a.m.

Minutes from the November 28, 2018, meeting were approved unanimously, with Kevin Matthews abstaining.

Pat Brown volunteered to take minutes for this meeting.

Dan Carty announced that Radha Gargeya from the LS School Committee would attend committee meetings as an observer for LS. In the time it would take to appoint a new LS representative formally, we hope to have completed our recommendations; however, we seek input from both school committees in formulating them.

Dan Carty and Pat Brown had attended the Capital Planning Conference on November 30 at the Massachusetts Fire Fighters' Academy in Stow. Dan reported on the capital funding model of Newington, Connecticut, which basically relies on a policy to keep the sum of (capital) debt payments and capital funding in the operating budget to around 6% of the total, maintaining level capital funding by balancing between the two types of expenditure. In Sudbury, we'd have to begin by getting to the 6%--we're currently budgeting about 0.5% for capital and most of our capital debt is exclusions (not within the levy). Level predictable capital funding was an objective of the 2013 Strategic Financial Planning Report.

Pat Brown related the three base documents for financial planning described by Sean Cronin from Division of Local Services: 1) strong financial policies 2)

three year budget forecast 3) capital investment plan. The Selectmen are reviewing their policies, including financial policies.

The Committee returned to preparing recommendations for the Selectmen from the six options under consideration:

- Capital Stabilization override for all or part of \$2 million
- New Growth Model (all new growth to a capital stabilization fund)
- Modified New Growth Model (estimated “true” new growth minus the expected cost of services to a capital stabilization fund)
- Use of Free Cash (set amount) as Partial Funding Source for Capital (in combination with override or new growth)
- Reduction of CPA surcharge and corresponding override for capital, maintaining level property tax
- Status Quo

The Committee agreed to start ruling out options from the list above to arrive at those we wanted to present to the Selectmen.

Susan Berry proposed ruling out the “reduction of CPA surcharge, citing the complexity and the dependencies of this method. Jean Nam noted that the lack of tax impact had a strong appeal. The Committee decided not to recommend this option.

The Committee also does not recommend the status quo. While our current practice requires no explanation, it does not provide a sufficient or reliable revenue stream for capital expenditures.

The Committee recommends a combination of the first three options listed above to get to a total annual capital budget of around 2.5% of total appropriations. This includes a) a capital stabilization override b) “true” new growth dedicated to a capital stabilization fund c) a percentage of free cash dedicated to capital spending.

The recommendation should include a) an explanation of what types of projects are eligible for this process b) how we oversee the prioritization and “vetting” of these projects and c) what sources of funding we propose.

For our next meeting Dan and Susan will draft a description of funding sources. Tom and Jamie will draft a description of project oversight—what is the process for review of a capital project?

The next meeting of the committee was scheduled for Friday, January 11th, 2019 at 8:30 am. A second meeting was scheduled on Thursday, January 17th, if needed. Recommendations must be presented to the Selectmen on January 22nd to allow time to include any required articles in the Annual Town Meeting warrant.

There was a motion to adjourn at 9:57. The vote was unanimous.

Respectfully submitted,
Pat Brown