

Town of Sudbury ~ Budget Strategies Task Force
Monday, January 8, 2018
Flynn Building - Silva Room

Members Present: Susan Berry, Susan Iuliano, Bella Wong, Anne Wilson, Christine Hogan, Radha Gargeya, Joan Carlton

Absent: Richard Tinsley

Arriving after meeting called to order: Nancy Marshall, Melissa Murphy-Rodrigues, Pat Brown

Leaving before adjournment: Nancy Marshall (8:30), Bella Wong (9:00)

Also present: Sherry Kersey (LS Director of Finance and Operations), Donald Sawyer (SPS Director of Business & Finance), Maryanne Bilodeau (Assistant Town Manager)

Item 1: General Business

Chairwoman Susan Berry called the meeting to order at 8:00 am.

- *Selection of Clerk*

Radha Gargeya volunteered to take minutes for this meeting.

- *Approval of Minutes*

Radha Gargeya moved to accept the minutes of 11/20/17 BSTF meeting. Christine Hogan seconded. After a brief discussion and clarification, the minutes were unanimously approved without any changes.

Item 2: Budget Updates

- *FY 18 Budget Pressures and Impacts on FY 19*

No discussion.

- *FY 19 Outlook/Concerns*

- School Start Times

Christine Hogan said that SPS is not considering a later school start time for FY'19 until a traffic study is completed. Thus there is no impact on buses for FY'19.

- Busing

SPS decision about ILAP (Early Release) day moving from Wednesday to Friday has not been decided yet. The matter will be discussed later today (1/8/18), and could be decided by the 1/23/18 SPS School Committee meeting.

Susan Berry asked about who bears the increased costs particularly because currently Wednesday is the Early Release day that is shared by LS and SPS. Susan Berry also inquired about discussing the matter with LPS (Lincoln Public Schools) about aligning their calendar with SPS and LS. She said the SPS may need to pick up the extra costs as it is a unilateral change.

Anne Wilson made a counterpoint that the current Wednesday Early Release day, even though it has been a practice for a long time, does incur extra busing costs that are shared by SPS and LS.

Radha Gargeya said that LS was only appraised of school start times but not the possibility of ILAP day moving to Wednesday.

Bella Wong said that these extra costs should be weighed against other priorities about the current year's increased number of buses.

- OPEB increased contribution as suggested by FinCom

Susan Berry said that FinCom has been calculating the amounts necessary to get to Normal Cost based on the FY'13 GASB 45 report. Now the FY'15 report is out. For FY'13 a discount rate of 7.5% was used. But the discount rate should be lower at, say 5%, as we do not have enough money in the Town and LS OPEB trusts. FinCom wanted to increase the contribution to OPEB. Melissa Murphy-Rodrigues said that amount is about \$100K for Town that includes town and SPS employees.

Bella Wong said that LS currently has an increase of \$24K for FY'19. She wondered about the suggested \$60K increase and wanted to know if it meant the newer amount is \$60K or \$84K.

Strategies about reaching the ARC (Annual Required Contribution) were discussed.

Bella Wong said that while she appreciates the desire to increase OPEB contribution, such an increase has to take into consideration other budget pressures such as reduced federal and state grants, and reduced alternative energy grants. She mentioned that Wellesley did a debt exclusion over a period of years. She wondered if there were other ways to contribute towards OPEB without drawing down the operational budget.

Susan Berry said this a FinCom recommendation that Normal Cost be funded through operating budget.

Bella Wong said OPEB issue needs an action of larger scope than can be offered by the towns of Lincoln and Sudbury. She said that even Normal Cost jumps from one report to another report. Meanwhile, school districts need to respond to student needs while taking care to offer good general education.

Nancy Marshall said that it might be wise for each cost center to convene a meeting of their OPEB trustees to discuss and recommend an advisable path forward to satisfy the guidance of Sudbury (and Lincoln for LS), and that representatives of each OPEB trustee board could meet to share ideas and strategies.

Susan Iuliano said that there are two issues here. One is the near-term FY' 19 OPEB contributions, and the other is a long term strategy to address our OPEB liability..

Maryanne Bilodeau said that the Town of Sudbury retirement assessments should be fully paid for by 2035. She also remarked that OPEB ARC assumptions are for the maximal case that every employee retires here, takes health insurance from the district till the employee or dependent's need is done. She said that in reality, a town's experience is less than the maximal case.

Joan Carlton said that we might adjust the goals or follow the report based on realistic assumptions. She said that we may want to compare how other towns are addressing the maximal versus realistic case.

Susan Berry suggested that the three cost centers come up with an alternative OPEB strategy for FY' 19 that adds to that line item, and then we can discuss a longer term OPEB strategy.

Maryanne Bilodeau said that some health care plan design changes are in the offing.

Pat Brown said we should consider OPEB costs as part of doing business. She said that when we determine total compensation for an employee, we should add OPEB cost on top of salary and benefits.

Maryanne Bilodeau said that town of Sudbury already does consider OPEB costs for each employee. For public safety employees the OPEB cost is around \$5,000 and for others it is in the range of \$1600 to \$1900 based on latest OPEB report.

Pat Brown enquired if a similar cost is added to the school positions when they are being considered. SPS said it does not.

Maryanne Bilodeau said that health plan enrollment changed from 90-95% to 82% due to HMO health plan design changes in G.I.C. She also said that opt-out payments of \$1,500 per employee and \$3,000 for families is also helping to keep the costs down.

- Known OOD movement from SPS to LS

LS and SPS have conversations about OOD placements. There are some possible OOD placements at LS, but LS would know more information in the next two months.

- Other OOD potential changes

Starting in FY'20, students who turn 14 will no longer be assumed by LS. Only those students who are at the high school level will be the responsibility of LS.

Pat Brown said to write the new agreement down. She said that FY'20 seems to be a good time to follow this approach.

- Bottle/Bag Bills

Melissa Murphy-Rodrigues said that the town of Hudson can only give about three hours for food and milk inspector duties. There is an increasing need for inspections due to Meadow Walk development. We are able to meet the fire alarm inspections and granting of occupancy permits as they are not recurring activities. However, there is increased need for food inspections at restaurants. We also have an increased need for inspection hours due to the Bottle Bill.

- Vocational Education Costs

Melissa Murphy-Rodrigues said that transportation costs to Minuteman Regional Vocational Technical School and Assabet Valley Regional Vocational Technical School have increased. It costs about \$50,000 for three students to attend Assabet school. Once Sudbury is included in Assabet district, transportation would be included in the assessment. Sudbury is wait-listed at Assabet. So, students are going to LS, Minuteman or Assabet. However, Sudbury is still paying less for its students than the amount that was due to Minuteman, had Sudbury stayed with Minuteman.

- Other

Melissa Murphy-Rodrigues said that the three cost centers are in agreement about FY 19 financial guidance.

Bella Wong said that LS is working out scenarios as to how to balance the budget.

Melissa Murphy-Rodrigues said Snow and Ice expenses are over the budget. The question is how much the town is going to dip into free cash for this expense.

Melissa Murphy-Rodrigues said that town pays around \$15,000 per month towards Unemployment benefits. Payments are a month behind as the town is notified a month later. There are not many unemployment benefit extensions beyond the regular six month period.

Item 4: BSTF Yearly Schedule

- *When to schedule initial meeting each year*

- There was agreement that BSTF convene for its next meeting for the next fiscal year in late September.
- *When should BSTF report to FinCom*
- Pat Brown asked how BSTF reports its work. Susan Berry said that the FinCom members on the BSTF regularly update the FinCom and the three cost center liaisons regularly report back to their respective committees. There was a question about whether BSTF should issue a formal report to the Board of Selectmen.
- *Scheduling during Budget Hearing process*
- *Other*

Item 4: Future Meetings and Topics

The next BSTF is scheduled for Wednesday, January 31 at 8 AM in Silva Room, if necessary.

Item 5: Public Comments

There was no public and no public comment.

Item 6: Adjourn

Christine Hogan moved to adjourn. Melissa Murphy-Rodrigues seconded. All voted in favor. The meeting adjourned at 9:05 am.

Respectfully submitted by
Radha Gargeya