



SUDBURY SELECT BOARD  
POLICES & PROCEDURES REVIEW  
SUB-COMMITTEE

TUESDAY FEBRUARY 2, 2021  
7:00 PM OPEN SESSION

Please click the link below to join the virtual Select Board Meeting:

<https://us02web.zoom.us/j/360217080>

For audio only, call the number below and enter the meeting ID on your telephone keypad.

Call In number: **978-639-3366** or **470 250 9358**

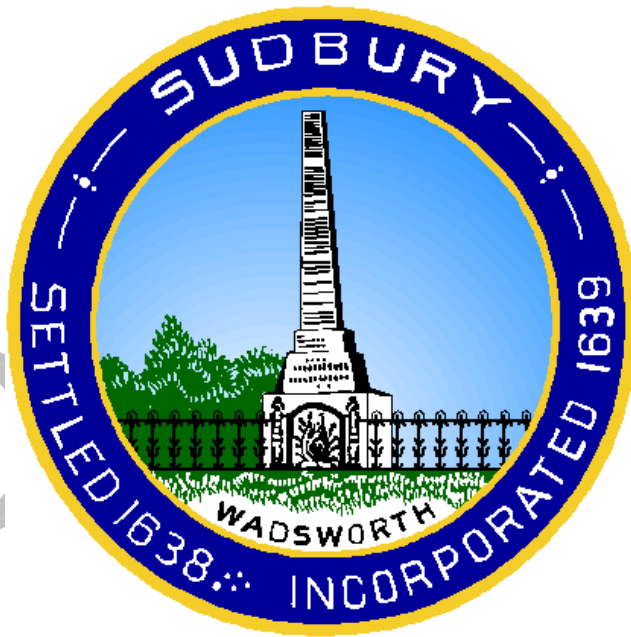
Meeting ID: **360 217 080**

Item #	Time	Action	Item
	7:00 PM		CALL TO ORDER
1.			Reports from Sub-Committee Members
2.			Citizen Comments for Items Not on the Agenda
3.			Sub-Committee Kick-Off
4.			Discuss Goals and Deliverables
5.			Discuss approach, work schedule, and tentative timeline
6.			Review and discuss existing policy draft documents and reports
7.			Citizen's comments
8.			Upcoming agenda items/next meeting planning

*These agenda items are those reasonably anticipated by the Chair which may be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.*

# Town of Sudbury, Massachusetts

## Financial Policies Manual



**Commented [BS1]:** Need to compare content with 2019 Draft (Dennis K and Melissa R)  
[https://1drv.ms/w/s!AmRy3D3ZzHrDg17TsSUGR4r\\_UNzj?e=COB7t8](https://1drv.ms/w/s!AmRy3D3ZzHrDg17TsSUGR4r_UNzj?e=COB7t8) which had the following sections:

- [1. Operating Budget Policy 2](#)
- [2. Revenue Policy 2](#)
- [3. Expenditure Policy 3](#)
- [4. Risk Management Policy 4](#)
- [5. Capital Budgeting and Planning Policy 4](#)
- [6. Debt Management Policy 5](#)
- [7. Protection of Credit Rating Policy 6](#)
- [8. Free Cash Policy 6](#)
- [9. Stabilization Fund](#)

## **Introduction**

The Town of Sudbury is committed to safeguarding public funds, protecting local assets, and complying with financial standards and regulations. To that end, this manual of financial policies provides guidance for local planning and decision making. The policies as a whole are intended to outline objectives, provide formal direction, and define authority to help ensure sound fiscal stewardship and management practices. Each is a living document that should be reviewed periodically and updated as necessary.

With these policies, the Town of Sudbury, through its Board of Selectmen, Town Manager, and employees, commits to the following objectives:

- Sustaining a consistent level of service and value for residents
- Safeguarding financial integrity and minimizing risk through a system of internal controls
- Ensuring the quality and maintenance of capital assets
- Conforming to general law, uniform professional standards, and municipal best practices
- Protecting and enhancing the town's credit rating
- Promoting transparency and public disclosure

**Commented [BS2]:** Charlie suggests the one-pager, Bridge letter, shows here are the targets, here's our progress on it, here's the plan.

Dan asks the How, how are we going to replenish funds when we dip into it.

**Commented [BS3]:** Todo: incorporate definition of Capital within this document. See drafts by Jennifer which were discussed by the Board.

**Town of Sudbury, Massachusetts**  
**Financial Policies Manual**

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## FINANCIAL RESERVES

### PURPOSE

To help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to and expending reserve funds. With well-planned sustainability, Sudbury can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town's credit rating and consequently its long-term cost to fund major projects.

### APPLICABILITY

This policy pertains to short- and long-range budget decision making and applies to the Board of Selectmen, School Committee, and Town Manager in those duties. It also applies to the related job duties of the Finance Director, the Town Accountant, the Board of Assessors, and the Finance Committee.

### POLICY

The Town of Sudbury commits to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain overall reserves in the level of 8-10 percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, retained earnings, and overlay surplus.

#### A. Free Cash

The Division of Local Services (DLS) defines free cash as "the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year." DLS must certify free cash before the Town can appropriate it in the new year.

By August 15th each year, the Town Accountant shall submit to DLS a year-end balance sheet, free cash checklist, and year-end reporting checklist. Once DLS certifies free cash, the Town Accountant will provide copies of the certified balance to the Board of Selectmen, Town Manager, and Finance Director.

Each spring, the Town Manager shall include the Town's free cash balance in the proposed budget submitted to the Board of Selectmen and Finance Committee for the ensuing fiscal year, along with details on the proposed uses of and/or retention level of free cash. Any proposed use of free cash for capital equipment or improvements shall be consistent with needs identified in the Town's capital improvement program.

The Town shall set a year-to-year goal of maintaining its free cash in the range of 3-5 percent of the annual budget. To achieve this, the Finance Director shall assist the Town Manager in proposing budgets with conservative revenue projections, and department heads shall carefully manage their appropriations to produce excess income and budget turn backs. Further, budget

**Commented [BS4]:** 8-10 where did target come from and how close are we now  
Stabilization funds (5%) + Free Cash (3%) + Overlay Surplus

**Commented [BS5]:** Who decided and how close have we been?  
From DoR recommendation  
Dennis states "it doesn't mean overtaxing by \$3M/yr"

decision makers will avoid fully depleting the Town's free cash in any year, so that the succeeding year's calculation can begin with a positive balance. Moreover, as much as practicable, the Town will limit its use of free cash to funding one-time expenditures (like capital projects or emergencies and other unanticipated expenditures) and will appropriate any excess above 5 percent of the annual budget to reserves or to offset unfunded liabilities.

**Commented [BS6]:** Unfunded liabilities (including debt service) ?

B. Free Cash Stabilization

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. Prior to the adoption of this policy, the Town established and appropriated to a general stabilization fund and a special purpose stabilization fund for capital projects.

**General Stabilization:** The Town will endeavor to maintain a minimum balance of 5 percent of the current operating budget in its general stabilization fund. Withdrawals from general stabilization should only be used to mitigate emergencies or other unanticipated events that cannot be supported by current general fund appropriations. When possible, withdrawals of funds should be limited to the amount available above the 5 percent minimum reserve target level. If any necessary withdrawal drives the balance below the minimum level, the withdrawal should be limited to one-third of the general stabilization fund balance. Replenishment of the funds should be made annually at the Fall Town Meeting, or the earliest available meeting after Free Cash has been certified.

**Commented [BS7]:** 5 percent is what we've always done

**Commented [BS8]:** Where did this guideline come from? One-third at a time? E.g. one-third of balance, then another one-third of remaining balance if needed again?

**Capital Stabilization:** The Town will appropriate annually to the capital stabilization fund so that over time it achieves a target balance sufficient to cover the Town's cash outlay for capital. Doing so enables the Town to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs.

**Commented [BS9]:** DLS recommendation is to get rid of separate Melone Stabilization and Turf Stabilization... If so, might consider DLS recommendation of 2% of prior year annual budget... e.g. \$2M on a budget of \$100M. If one year you take \$800K, then next year replenish to get back to 2%

**Commented [BS10]:** What is this target and how calculated?

C. Overlay Surplus

The overlay is a reserve the Town uses to offset unrealized revenues resulting from property tax abatements and exemptions. Sudbury officials will prudently manage the overlay in accordance with the Town's Overlay policy to avoid the need to raise overlay deficits in the tax levy. At the conclusion of each fiscal year, the Board of Assessors shall submit to the Town Manager and Finance Director an update of the overlay reserve with data that includes, but is not limited to, the gross balance, potential abatement liabilities, and any transfers to surplus. If the balance exceeds the amount of potential liabilities, the Town Manager may request that the Board vote to declare those balances surplus available for use in the Town's capital improvement plan or for any other one-time expense.

## FORECASTING

### PURPOSE

To assess the range of choices available to budget decision makers when determining how to allocate resources, this policy establishes guidelines for evaluating revenue sources and the requirement to determine an expenditure strategy as part of the annual budget process and longer-range fiscal planning. Forecasting helps local officials understand the long-range implications of pending near-term decisions.

### APPLICABILITY

This policy applies to the Town Manager as the Town's chief budget decision maker. It also applies to the job responsibilities of the Finance Director, School Superintendent, School Business Manager, Board of Selectmen, School Committee, and Finance Committee.

### POLICY

#### A. Revenue Guidelines

The Town will continually seek to diversify its revenue to improve the equity and stability of sources. Each year and whenever appropriate, the Town will reexamine existing revenues and explore potential new sources. A balance will be sought between elastic and inelastic revenues to minimize any adverse effects caused by inflation or other economic changes. Additionally, intergovernmental revenues (e.g., local aid, grants) will be reviewed annually to determine their short- and long-term stability in order to minimize detrimental impacts.

The Town will generally avoid using one-time revenues to fund ongoing or recurring operating expenditures. These one-time revenue sources can include, but are not limited to, free cash, bond premiums, overlay surplus, sale of municipal equipment, legal settlements, insurance proceeds, and gifts. Additionally, the Town hereby establishes the following priority order when appropriating one-time revenues:

- General Stabilization Fund (maintenance of 5% of operating budget)
- Annual Capital Budget (target of 3% of operating budget)
- [REDACTED]
- OPEB Trust Fund [REDACTED]
- Debt Service [REDACTED]

Economic downturns or unanticipated fiscal stresses may compel reasonable exceptions to the use of one-time revenue. In such cases, the Town Manager, in consultation with the Finance Director, can recommend its use for operational appropriations. Such use will trigger the Town Manager to develop a plan to avoid continued reliance on one-time revenues.

State laws impose further restrictions on how certain types of one-time revenues may be used. The Town will consult the following General Laws when the revenue source is:

**Commented [BS11]:** \$500K in it right now...

**Commented [BS12]:** Discuss each target to ensure not arbitrary

**Commented [BS13]:** Establish and state target (ending condition)

**Commented [BS14]:** Discuss whether there could be a scenario easing tax burden

- Sale of real estate: [M.G.L. c. 44, §63](#) and [M.G.L. c. 44, §63A](#)
- Gifts and grants: [M.G.L. c. 44, §53A](#) and [M.G.L. c. 53A½](#)
- Bond proceeds: [M.G.L. c. 44, §20](#)

This policy further entails the following expectations regarding revenues:

- The Assessing Department will maintain property assessments for the purpose of taxation at full and fair market value as prescribed by state law.
- Town departments that charge fees (Enterprise Funds and recreation programs, for example) shall annually review their fee schedules and propose adjustments when needed **to ensure coverage of service costs.**
- The Building Department will notify the Finance Director of any moderate-to-large developments that could impact building permit volume.
- Department heads will strive to be informed of all available grants and other aid and will carefully consider any related restrictive covenants or matching requirements (both dollar and level-of-effort) to determine the cost-benefit of pursuing them.
- Revenue estimates will be adjusted throughout the budget cycle as more information becomes available.

**Commented [BS15]:** Can fees be set so there is a contribution to capital expenses associated with the Enterprise  
 Dennis: hope to generate retained earnings so you have a little extra.  
 Dennis notes 2 of the 3 enterprise funds haven't been self sustaining. Transfer station has been sustaining, with some retained earnings.  
 Endeavor to retain funds for asset replacement  
 Definition of enterprise fund? Subsidized by levy or self sustaining. Currently enterprise funds covers cost of employees and benefits.

**B. Expenditure Guidelines**

Annually, the Town will determine a particular budget approach for forecasting expenditures, either maintenance (level service), level funded, or one that adjusts expenditures by specified increase or decrease percentages (either across the board or by department). A maintenance budget projects the costs needed to maintain the current staffing level and mix of services into the future. A level funded budget appropriates the same amount of money to each municipal department as in the prior year and is tantamount to a budget cut because inflation in mandated costs and other fixed expenses still must be covered.

**C. Financial Forecast Guidelines**

To determine the Town's operating capacity for each forthcoming fiscal year, the Finance Director will annually create and provide the Town Manager with a detailed budget forecast. The Finance Director shall also annually prepare a three-year financial projection of revenues and expenditures for all operating funds.

These forecasts shall be used as planning tools in developing the following year's operating budget as well as the five-year capital improvement plan.

To ensure the Town's revenues are balanced and capable of supporting desired levels of services, forecasts for property taxes, local receipts, and state aid shall be conservative based on historical trend analyses and shall use generally accepted forecasting techniques and appropriate data. To avoid potential revenue deficits, estimates for local receipts (e.g., inspection fees, investment income, license fees) should generally not exceed 90 percent of the prior year's actual collections without firm evidence that higher revenues are achievable.



Additionally, the forecast model should assume that:

- The Town will maintain its current level of services.
- Property taxes (absent overrides) will grow ~~at~~ within the limits of Proposition 2½.
- New growth will be projected conservatively, considering the Town's three-year average by property class.
- The Town will annually meet or exceed the state's net school spending requirements.
- Local receipts and state aid will reflect economic cycles.
- The Town will pay the service on existing debt and adhere to its Debt Management policy.
- The Town will make its annual pension contributions and continue appropriating to its other postemployment benefits trust fund.
- The Town will build and maintain reserves in compliance with its Financial Reserves policy.

**Commented [BS16]:** 'at' the limits? Suggest 'within' the limits

**Commented [BS17]:** Suggest 'within' the limits (instead of 'at' the limits

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## OVERLAY

### PURPOSE

To set guidelines for determining the annual overlay amount in the Town's budget and for deciding whether any overlay balance can be certified as surplus.

The allowance for abatements and exemptions, commonly referred to as the overlay, is an account whose purpose is to offset anticipated abatements and exemptions of committed real and personal property taxes. Effective December 7, 2016, the Municipal Modernization Act ([Chapter 218 of the Acts of 2016](#)) provides for a single overlay account. Previously, a community had to maintain separate overlay reserves for each fiscal year and could not use the surplus from one year to cover another year's deficit without a multistep process involving the assessors, accounting officer, and local legislative body. However, the Act allows all existing overlay balances to be transferred to a single account. Although this policy treats overlay as a single account, to continue historical information and facilitate reconciliations, the Town may elect to maintain subsidiary ledgers by levy year for overlay balances.

### APPLICABILITY

This policy applies to the job duties of the Board of Assessors, Director of Assessing, Town Manager, and Finance Director.

### POLICY

#### A. Annual Overlay

Each year, the Board of Assessors shall vote in an open meeting to authorize a contribution to the overlay account as part of the budget process and to raise it without appropriation on the Town's Tax Recap Sheet. The Principal Assessor will propose this annual overlay amount to the Board of Assessors based on the following:

- Current balance in the overlay account
- Five-year average of granted abatements and exemptions
- Potential abatement liability in cases pending before, or on appeal from, the Appellate Tax Board (ATB)
- Timing of the next certification review by the Division of Local Services (scheduled every five years under the Municipal Modernization Act) The Board of Assessors shall notify the Finance Director of the amount of overlay voted

#### B. Excess Overlay

Annually, the Finance Director and Director of Assessing will conduct an analysis to see if there is any excess in the overlay account by factoring the following:

- Current balance in the overlay account after reconciling with the Town Accountant's records

- Balance of the property tax receivables, which represents the total real and personal property taxes still outstanding for all levy years
- Estimated amount of potential abatements, including any cases subject to ATB hearings or other litigation

Upon determining any excess in the overlay account, the Principal Assessor shall present the analysis to the Board of Assessors for its review.

C. Overlay Surplus

If there is an excess balance in the overlay account, the Board of Assessors shall formally vote in an open meeting to certify the amount to transfer to overlay surplus and shall notify the Town Manager and Finance Director in writing of its vote. If the Town Manager makes a written request for a determination of overlay surplus, the Board of Assessors shall vote on the matter within the next 10 days and notify the Town Manager and Finance Director of the result in writing.

After being certified, Town Meeting may appropriate overlay surplus for any lawful purpose until the end of the fiscal year. However, the appropriation should be as prescribed in the Town's Forecasting policy (re: treatment of one-time revenues) and its Financial Reserves policy (re: overlay surplus). Overlay surplus not appropriated by year-end closes to the general fund's undesignated fund balance.

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## **DEBT MANAGEMENT**

### **PURPOSE**

To provide for the appropriate issuance and responsible use of debt, this policy defines the parameters and provisions governing debt management. Policy adherence will help the Town to responsibly address capital needs, provide flexibility in current and future operating budgets, control borrowing, and maintain capital investment capacity. This policy is also intended to maintain and enhance the town's bond rating so as to achieve long-term interest savings.

### **APPLICABILITY**

This policy applies to the Town Manager, Board of Selectmen, School Committee, and Finance Committee in their budget decision making and in the Finance Director's debt reporting. It also applies to the Finance Director's budget analysis duties. Additionally, in the role as Treasurer/Collector, the statutory responsibilities associated with debt management.

### **POLICY**

Under the requirements of federal and state laws, the Town may periodically issue debt obligations to finance the construction, reconstruction, or acquisition of infrastructure and other assets or to refinance existing debt. The Town will issue and manage debt obligations in such a manner as to obtain the best long-term financial advantage and will limit the amount of debt to minimize the impact on taxpayers. Debt obligations, which include general obligation bonds, revenue bonds, bond anticipation notes, lease/purchase agreements, and any other debt obligations permitted to be issued under Massachusetts law, shall only be issued to construct, reconstruct, or purchase capital assets that cannot be acquired with current revenues.

#### **A. Debt Financing**

In financing with debt, the Town will:

1. Issue long-term debt only for objects or purposes authorized by state law and only when the financing sources have been clearly identified.
2. Use available funds to the greatest extent possible to reduce the amount of borrowing on all debt-financed projects.
3. Confine long-term borrowing to capital improvements and projects that cost at least \$100,000 and that have useful lifespans of at least ten years or whose lifespans will be prolonged by at least ten years.
4. Refrain from using debt to fund any recurring purpose, such as current operating and maintenance expenditures.

#### **B. Debt Limits**

The Town will adhere to these debt parameters:

1. Total debt service, including debt exclusions and any self-supporting debt, shall be limited to 10 percent of general fund revenues, with a target balance of 5-7 percent.

2. As dictated by state statute, the Town's debt limit shall be five percent of its most recent equalized valuation.

C. Structure and Term of Debt

The following shall be the Town's guidelines on debt terms and structure:

1. The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.
2. The term of any debt shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed the maximum allowed by law.
3. The Town will limit bond maturities to no more than 10 years, except for major buildings, water and water facility projects, land acquisitions, and other purposes in accordance with the useful life borrowing limit guidelines published by the Division of Local Services (DLS).
4. Any vote to authorize borrowing will include authorization to reduce the amount of the borrowing by the amount of the net premium and accrued interest.
5. The Town will work closely with its financial advisor to follow federal regulations and set time frames for spending borrowed funds to avoid committing arbitrage, paying rebates, fines and penalties to the federal government, and jeopardizing any debt issuance's tax-exempt status.

D. Bond Refunding

To achieve potential debt service savings on long-term debt through bond refunding, the Town will:

1. Issue debt with optional call dates no later than 10 years from issue.
2. Analyze potential refunding opportunities on outstanding debt as interest rates change.
3. Use any net premium and accrued interest to reduce the amount of the refunding.
4. Work with the Town's financial advisor to determine the optimal time and structure for bond refunding.

E. Protection of Bond Rating

To protect its bond rating, the Town will:

1. Maintain good communications with bond rating agencies, bond counsel, banks, financial advisors, and others involved in debt issuance and management.
2. Follow a policy of full disclosure on every financial report and bond prospectus, including data on total outstanding debt per capita, as a percentage of per capita personal income, and as a percentage of total assessed property value.
3. The Town will not rely on reserves to sustain operating deficits. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress, but then the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.

4. The Town will not defer current costs to a future date. This includes costs such as pension costs or benefits costs. From time to time, the State offers municipalities the option of deferring payments to their pension system, or other costs, as a short-term way of balancing a fiscal year's budget. However, it is the intention of the Town of Sudbury not to rely on these options.
5. The Town will follow the policies as outlined in this policy statement.

F. Reporting

1. The Town's annual Town Report, Town Manager's Budget Request and annual town meeting warrant will give comprehensive summaries of the debt obligations of the Town.
2. The Finance Director will include an indebtedness summary as part of a report on receipts and expenditures in Sudbury's Annual Town Report.
3. The Finance Director, with the Town's financial advisor, will file the annual audit and official disclosure statement within 270 days of the end of the fiscal year.

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## **INVESTMENTS**

### **PURPOSE**

To ensure the Town's public funds achieve the highest possible, reasonably available rates of return while following prudent standards associated with safety, liquidity, and yield, this policy establishes investment guidelines and responsibilities. It is further designed to comply with the Governmental Accounting Standards Board's recommendation that each community disclose its key policies affecting cash deposits and other long-term investments to ensure they are managed prudently and not subject to extraordinary risk.

### **APPLICABILITY**

This policy pertains to short-term operating funds, including general funds, special revenue funds, bond proceeds, capital project funds, and to all accounts designated as long-term (e.g., trusts, stabilization fund, other postemployment benefits trust fund (OPEB), and others the Town may set aside for long-term use, including scholarship and perpetual care funds) It does not pertain to the Town's retirement fund, which is managed by the Middlesex County Retirement Board. This policy applies to the Finance Director, in the role as Treasurer, his or her designee(s), and any advisors or other professionals in their responsibilities for investing and managing Town funds.

### **POLICY**

The Finance Director shall invest funds in a manner that meets the Town's daily operating cash flow requirements and conforms to state statutes governing public funds while also adhering to generally accepted diversification, collateralization, and the prudent investment principles regarding safety, liquidity, and yield.

See additional details in the Town of Sudbury Investment Policy document as well as the Town of Sudbury CPA Investment Policy document.

## **CAPITAL ASSETS**

### **PURPOSE**

To ensure Sudbury's capital assets can cost-effectively sustain the town's desired service levels into the future.

### **APPLICABILITY**

This policy applies to the Town Manager as the Town's chief budget decision maker. It also applies to the job responsibilities of the Finance Director, School Superintendent, School Business Manager, Board of Selectmen, School Committee, and Finance Committee.

### **POLICY**

#### **A. Capital Improvement Plan**

The Town Manager will update and adopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.

1. The Town Manager shall establish criteria to determine capital asset prioritization.
2. The Town Manager shall consult with Department Heads annually regarding the composition and prioritization of the capital plan.
3. The CIP shall not include items that cost less than \$20,000 or have a useful life of less than 5 years. Items that do not meet this threshold should be included within the Town's operating budget.
4. The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.

#### **B. Risk Management**

1. The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
2. The Town will annually work with the Town's insurance carrier to update all listings of Town owned assets and the value of such covered assets.

#### **C. Reporting**

1. The Town Manager will submit a capital program to the Capital Improvement Advisory Committee. The proposed program will detail each capital project, the estimated cost, description and funding.



2. The Town Manager shall submit Town Meeting articles for the CIB by January 31<sup>st</sup>.
3. The Selectmen shall report all requests for capital appropriations to the Finance Committee on or before February 5. (Bylaws Article IV Section 5).
4. The Town Manager will present the CIB for approval at the Annual Town Meeting (generally the 1<sup>st</sup> Monday in May).

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## **OTHER POSTEMPLOYMENT BENEFITS LIABILITY (OPEB)**

### **PURPOSE**

To provide the basis for a responsible plan for meeting the Town's obligation to provide other postemployment benefits (OPEBs) to eligible current and future retirees. This policy provides guidelines designed to ensure OPEB sustainability and achieve generational equity among those called upon to financially support OPEBs, thereby avoiding transferring costs into the future.

### **APPLICABILITY**

This policy encompasses OPEB-related budget decisions, accounting, financial reporting, and investment.

### **BACKGROUND**

In addition to salaries, the Town of Sudbury compensates employees in a variety of other forms. Many earn benefits over their years of service that they will not receive until after retirement. A pension is one such earned benefit. Another is a set of retirement insurance plans for health, dental, and life. These are collectively referred to as other postemployment benefits or OPEBs.

OPEBs represent a significant liability for the Town that must be properly measured, reported, and planned for financially. As part of a long-range plan to fund this obligation, the Town established an OPEB Trust Fund, which allows for long-term asset investment at higher rates of return than those realized by general operating funds.

### **POLICY**

The Town of Sudbury is committed to funding the long-term cost of the benefits promised its employees. To do so, the Town will accumulate resources for future benefit payments in a disciplined, methodical manner during the active service life of employees. The Town will also periodically assess strategies to mitigate its OPEB liability. This involves evaluating the structure of offered benefits and their cost drivers while at the same time avoiding benefit reductions that would place undue burdens on employees or risk making the Town an uncompetitive employer.

#### **A. Accounting and Reporting**

The Finance Director will obtain actuarial analyses of the Town's OPEB liability every two years and will annually report the Town's OPEB obligations in financial statements that comply with the current guidelines of the Governmental Accounting Standards Board.

The Town Auditor shall ensure that the Town's independent audit firm reviews compliance with the provisions of this policy as part of its annual audits.

#### **B. Mitigation**

On an ongoing basis, the Town will assess healthcare cost containment measures and evaluate strategies to mitigate its OPEB liability. The Finance Director shall monitor proposed laws

affecting OPEBs and Medicare and analyze their impacts. The Human Resources Director shall regularly audit the group insurance and retiree rolls and drop any participants found to be ineligible based on work hours, active Medicare status, or other factors.

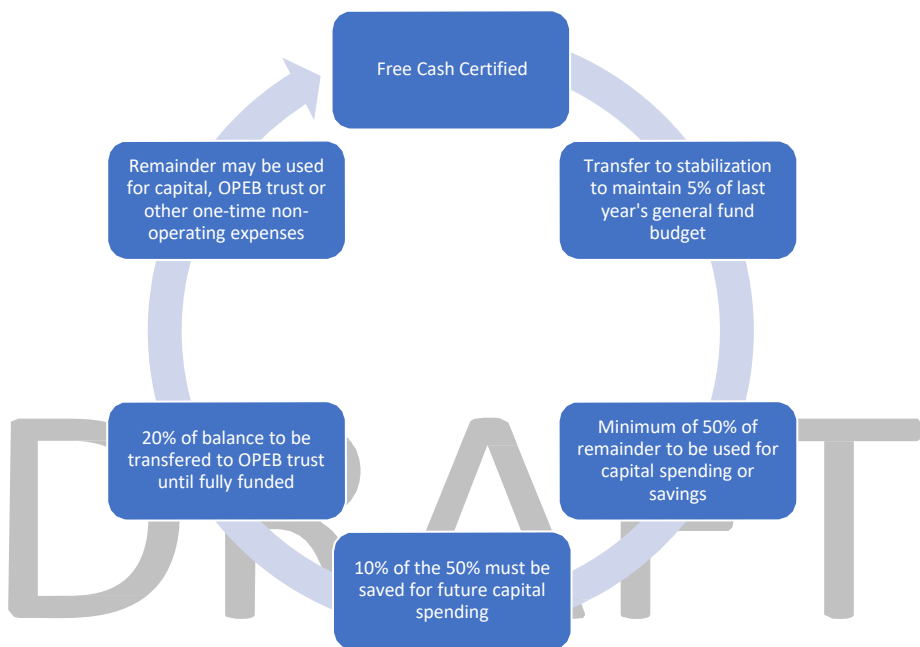
C. Funding

To address the OPEB liability, decision makers shall analyze a variety of funding strategies and subsequently implement them as appropriate with the intention of fully funding the obligation. The Town shall derive funding to invest in the OPEB trust from taxation, free cash, and any other legal form.

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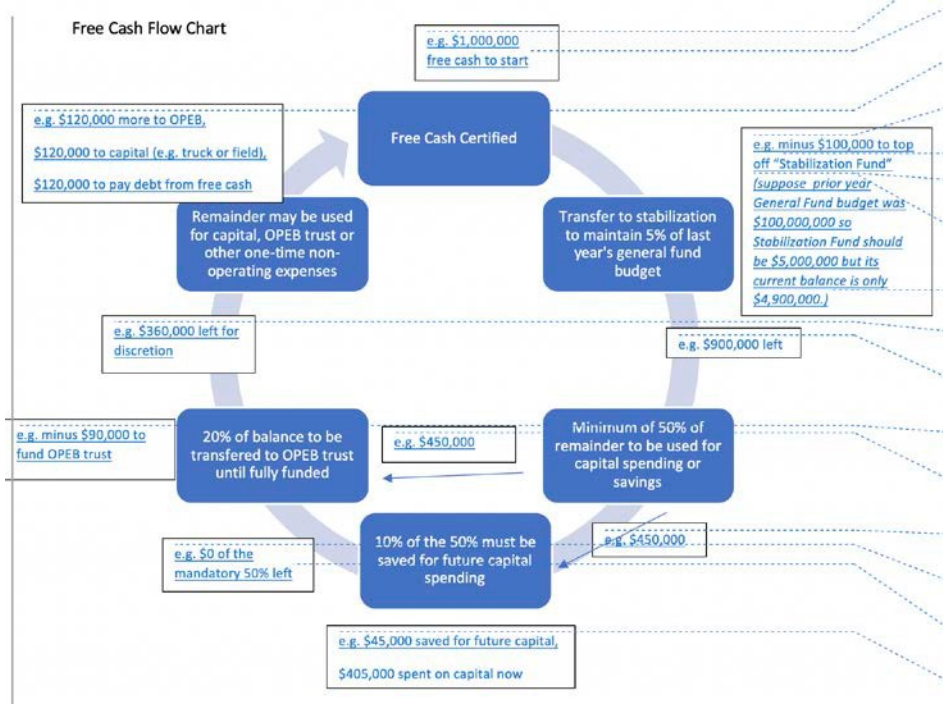
**BACKUP MATERIAL**

Free Cash Flow Chart (from 'BOS Financial Policies 2019 mmranddkfinpolicies')

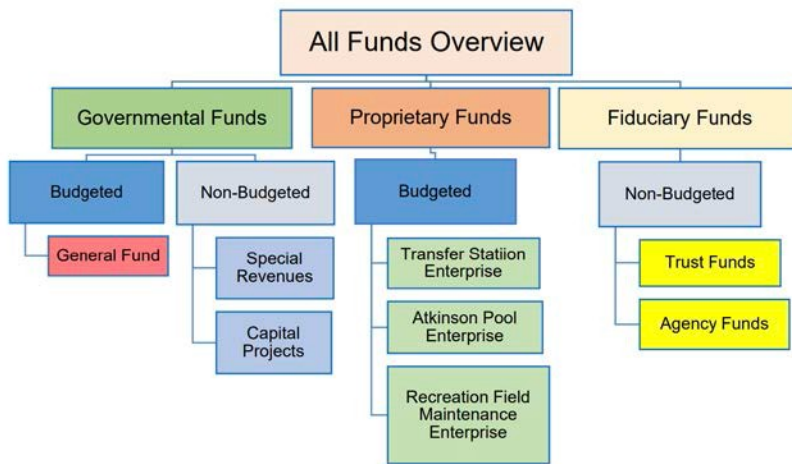


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Notional Example (Schineller annotations in November 2019)

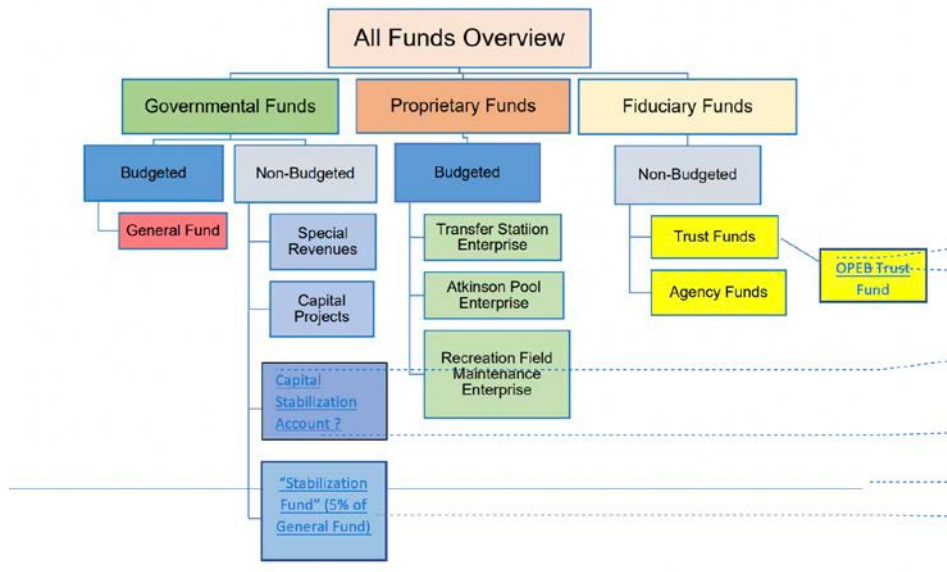


All Funds Overview  
Diagram from the Town Manager's FY2020 Budget

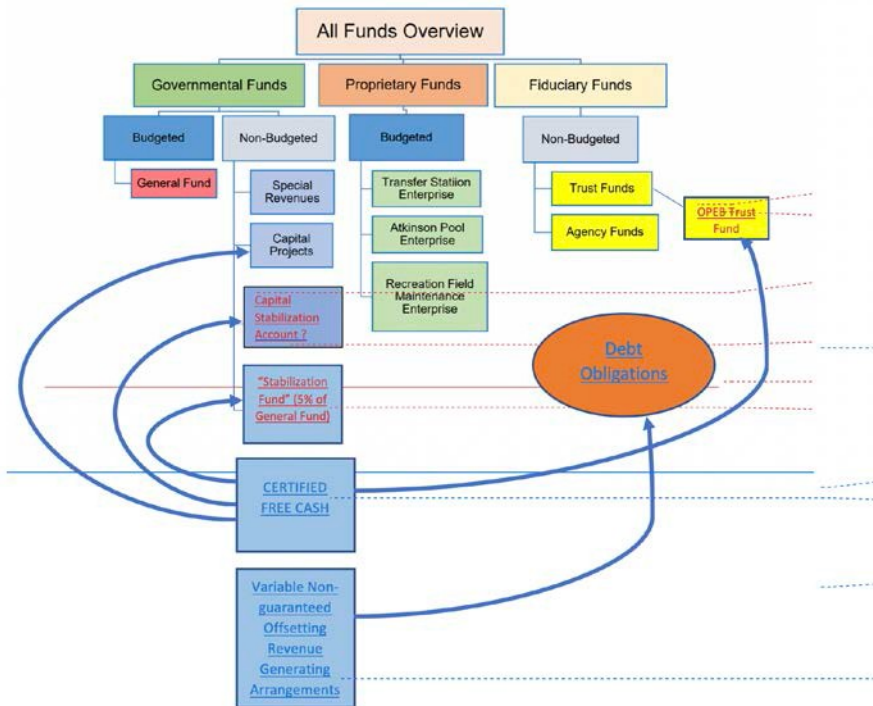


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All Funds Overview (marked up by Schineller in Nov 2019 to try to show other funds: Capital Stabilization Account, Stabilization Fund, and OPEB Trust Fund)



All Funds Overview (notionally marked up by Schineller in Nov 2019 to try to flow of Free Cash and Offsetting Revenue (e.g. Sewataro?) flow into other funds, and Debt Obligations )





*Section 2. Board of Selectmen Financial Management Policies*

***Introduction***

The Town of Sudbury has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The budget and financial goals and policies set forth by the Board of Selectmen in this document are intended to establish guidelines for the continued financial strength and stability of the Town of Sudbury. The Town Manager, per charter, is responsible for the financial management of the town, including both the capital and operating budget.

**Goals**

Goals are broad, timeless statements of the financial position the Town seeks to attain. The financial goals for the Town of Sudbury are:

- To provide full value to the residents and business owners of Sudbury for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain our top-level AAA credit rating

To achieve these goals, the Board of Selectmen adopts the following policies.

***1. Operating Budget Policy***

- **Balanced Budget.** The annual operating budgets will be appropriated on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures (appropriations).
  - Operating revenues include property taxes, motor vehicle excises, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, and transfers in from other funds established for operating purposes.
  - Operating expenditures/expenses include salaries and wages, employee benefits, equipment and improvements, materials, supplies, and contractual costs.
- Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses
- The Town will avoid relying on Free Cash to fund operating expenses.
- To the extent possible, one-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used for capital purposes, augmenting of Town reserves or emergency expenditures/expense.
- The Town Manager will annually estimate the costs of the Town's obligations for providing benefits for Town and Sudbury Public School employees as part of the preparation of the annual operating budget.



## **2. Revenue Policy**

Revenues determine the capacity of the Town to provide services. To ensure that revenues for the Town are balanced and capable of supporting desired levels of services, the Town of Sudbury has adopted the following revenue policy statements:

- The Town Manager and Finance Director are responsible for estimating revenues for the upcoming fiscal year. They will consult with other town staff as well as state officials. (Town Charter)
- Revenue forecasts for local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs. Existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential. All fees are reviewed and periodically updated, as necessary
- The Town Manager and Finance Director will project revenues for the next three years as part of the three-year financial forecast.
- 
- The Town will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be evaluated to ensure that our participation in such grants will be beneficial and cost-effective.
- The Town will carefully and routinely monitor all amounts due the Town. The target for property tax collection rate by year end will be 98%.
- Recreational user charges and fees will be set with the intent to recover approximately 100% of total direct costs generated by revolving fund recreation programs, plus all indirect costs for Town employees
- Enterprise fund (Transfer Station, Atkinson Pool and Recreation Field Maintenance) user charges and fees will be set to recover all direct costs and associated with the activities of these funds as well as the indirect costs for health insurance.

## **3. Expenditure Policy**

Expenditures are a rough measure of a local government's service output. While many expenditures can be controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures and provide for a quick and effective response to adverse financial situations, the Town of Sudbury has adopted the following expenditure policy:

- Expenditures and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all vouchers shall be followed at all times. Properly completed claims must be prepared and submitted to the accounting department by the department responsible for originating the claim. A "properly completed claim" must include, but is not limited to, the vendor's name and address, date of claim, explanation, and accounts to be charged,

department authorization signature and sufficient documentation. "Sufficient documentation"

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means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment.

- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments do not exceed the authorized budget.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law and as otherwise established by the Town Manager or Town Counsel.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

#### **4. Risk Management Policy**

A municipality's fiscal policies should include a plan for maintaining reserves. Operating reserves (or fund balance) are a prudent fiscal management tool and an important credit factor in the analysis of financial flexibility. The Town of Sudbury will maintain a level of reserves that protect the community from emergency conditions, and contribute to the high credit rating that the Town currently holds from Standard & Poor's (AAA). To provide for adequate levels of reserves to protect the Town's financial condition over the long-term, the Town of Sudbury has adopted the following risk management policy:

##### **Risk Management**

- The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- The Town will annually work with the Town's insurance carrier to update all listings of Town owned assets and the value of such covered assets.

As the Town is self-insured for some of the benefits programs it offers, the Town will maintain adequate reserves for its Workers Compensation and Unemployment Compensation

#### **5. Capital Budgeting and Planning Policy**

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets owned by the Town of Sudbury include roads, bridges, culverts, dams and drainage systems. The Town of Sudbury has a capital planning and budget bylaw and process that require the following:

- The Town Manager shall meet with Department Heads and compile a capital program and capital budget.



- The Town Manager will submit a capital program to the Board of Selectmen as part of the Operating Budget. The proposed program will detail each capital project, the estimated cost, description and funding source.
- The Town Manager will update and adopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.
- The Town will emphasize preventive maintenance as a cost-effective approach to capital maintenance. Exhausted capital goods will be replaced as necessary.

Per Town By-Law, the Capital Improvement Advisory Committee shall consider the merits of each project over \$100,000 and make its recommendation to the Finance Committee, Board of Selectmen and Town Meeting.

#### **6. Debt Management Policy**

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Board of Selectmen of the Town of Sudbury have adopted the following debt management policies:

- Long-term debt will be issued only for objects or purposes authorized by state law under Chapter 44, section 7 and 8. See <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section7>.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency.
- Debt maturity will not exceed the lesser of: the useful life (as established by the Town Treasurer-Collector), or the period of probable usefulness (as defined in Massachusetts State Local Finance Law), of the object or purpose so financed, whichever is shorter.

#### **7. Protection of Credit Rating Policy**

Maintenance of the highest-level credit rating possible is important to the continued financial health of Sudbury as it reduces the costs of issuing debt. Credit rating firms consider management practices to be very important factors. Poor management practices can inadvertently jeopardize the financial health of a local government. To be proactive in assuring the Town of Sudbury does not engage in these practices, the Board of Selectmen of the Town of Sudbury has adopted the following credit rating protection policies.

- The Town will not rely on reserves to sustain operating budgets. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress. In the subsequent year, the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.
- The Town will not defer current costs, such as pension or benefit costs, to a future date.

#### **8. Free Cash Policy**

- To the extent the Town has certified free cash, the following guidelines should be adhered to:





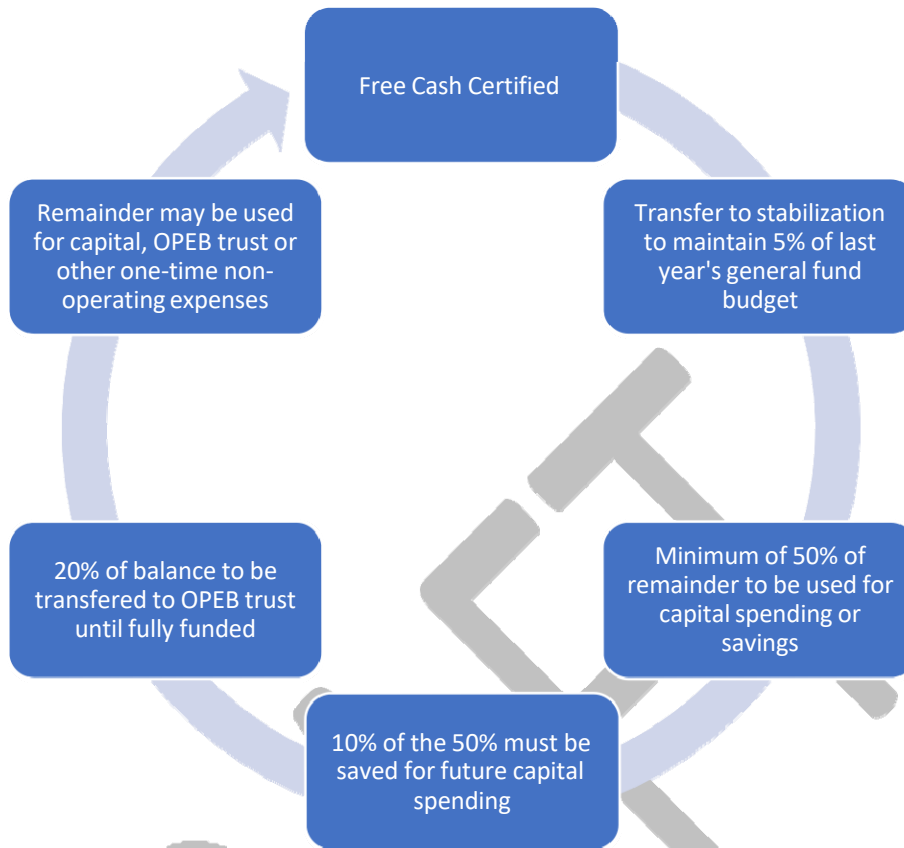
- After adherence to the Stabilization Fund Policy, free cash should be used for capital projects, contributions to the OPEB trust and other one-time non-operating expenditures.
- A minimum of 50% of remaining free cash after the stabilization fund transfer shall be used for capital purchases or saved for future capital expenses to , with a minimum of 10% of that amount being transferred into the capital stabilization account.
- After the capital and stabilization minimums, 20% of the balance shall be transfer to the OPEB Trust Fund until it is fully funded as actuarially determined.
- The remaining free cash may be appropriated for capital projects, contributions to the OPEB trust or other one-time non-operating expenses.

**9. Stabilization Fund**

- The Town of Sudbury shall maintain a stabilization account to provide the reserves that are required to protect the financial condition of the Town.
- The Town will maintain the Stabilization Fund at an amount equal to five percent (5%) of the General Fund budget in the previous year.
- To achieve this goal, this transfer shall be done at the first town meeting of the fiscal year after free cash is certified.

Free Cash Flow Chart





DRAFT



*Section 2. Board of Selectmen Financial Management Policies*

**Introduction**

The Town of Sudbury has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The budget and financial goals and policies set forth by the Board of Selectmen in this document are intended to establish guidelines for the continued financial strength and stability of the Town of Sudbury. The Town Manager, per charter, is responsible for the financial management of the town, including both the capital and operating budget.

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- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain our top-level AAA credit rating

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**1. Operating Budget Policy**

- **Balanced Budget.** The annual operating budgets will be appropriated on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures (appropriations).
  - Operating revenues include property taxes, motor vehicle excises, charges for services, lease revenue, income from revenue-generating service contracts, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, and transfers in from other funds established for operating purposes.
  - Operating expenditures/expenses include salaries and wages, employee benefits, equipment and improvements, materials, supplies, and contractual costs.
- Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses
- The Town will avoid relying on Free Cash to fund operating expenses.
- To the extent possible, one-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used for capital purposes, augmenting of Town reserves or emergency expenditures/expense.
- The Town Manager will annually estimate the costs of the Town's obligations for providing benefits for Town and Sudbury Public School employees as part of the preparation of the annual operating budget.

**Commented [BS1]:** Also revenue such as town received from selling gravel at Melone gravel pit, and has negotiated to receive from management contract of Sewataro, or if we leased town property

- The Town Manager will annually request estimated costs of the Sudbury's obligations for funding Lincoln-Sudbury Regional High School.

## 2. Revenue Policy

Revenues determine the capacity of the Town to provide services. To ensure that revenues for the Town are balanced and capable of supporting desired levels of services, the Town of Sudbury has adopted the following revenue policy statements:

- The Town Manager and Finance Director are responsible for estimating revenues for the upcoming fiscal year. They will consult with other town staff as well as state officials. (Town Charter)
- Revenue forecasts for local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs. Existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential. All fees are reviewed and periodically updated, as necessary
- The Town Manager and Finance Director will project revenues for the next three years as part of the three-year financial forecast.
- 
- The Town will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be evaluated to ensure that our participation in such grants will be beneficial and cost-effective.
- The Town will carefully and routinely monitor all amounts due the Town. The target for property tax collection rate by year end will be 98%.
- Recreational user charges and fees will be set with the intent to recover ~~approximately at a minimum~~ 100% of total direct costs generated by revolving fund recreation programs, ~~plus all indirect costs (including OPEB contributions) for Town employees, and reasonable offsetting revenue for investments in recreational facilities and fields.~~
- Enterprise fund (Transfer Station, Atkinson Pool and Recreation Field Maintenance) user charges and fees will be set to recover all direct costs ~~and~~ associated with the activities of these funds as well as the indirect costs of employees of these enterprises for health insurance ~~and OPEB contributions.~~

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## 3. Expenditure Policy

Expenditures are a rough measure of a local government's service output. While many expenditures can be controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures and provide for a quick and effective response to adverse financial situations, the Town of Sudbury has adopted the following expenditure policy:

- Expenditures and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.

- Expenditures and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all ~~vouchers-expenditures~~ shall be followed at all times. Unless legally allowed, i.e. snow and ice, expenditures shall not create a budget deficit. Properly completed claims must be prepared and submitted to the accounting department by the department responsible for originating the claim. A “properly completed claim” must include, but is not limited to, the vendor’s name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. “Sufficient documentation” means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments do not exceed the authorized budget.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law and as otherwise established by the Town Manager or Town Counsel.
- All general fund appropriations (operating budget) shall lapse and be forfeited back into the appropriate general fund at the close of the fiscal year to the extent that they shall not have been expended or legally encumbered.
- It is the intent of the Board of Selectmen that Town Meeting articles be closed-ended... Upon project completion unused appropriation after X period of time.

Commented [BS3]: Wherever unspent appropriations are meant to go (I'm not sure how to name it)

Commented [BS4]:

#### 4. Risk Management Policy

A municipality's fiscal policies should include a plan for maintaining reserves. Operating reserves (or fund balance) are a prudent fiscal management tool and an important credit factor in the analysis of financial flexibility. The Town of Sudbury will maintain a level of reserves that protect the community from emergency conditions, and contribute to the high credit rating that the Town currently holds from Standard & Poor’s (AAA). To provide for adequate levels of reserves to protect the Town’s financial condition over the long-term, the Town of Sudbury has adopted the following risk management policy:

##### Risk Management

- The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- The Town will annually work with the Town’s insurance carrier to update all listings of Town owned assets and the value and insurable condition of such covered assets.
- Should a Town asset of value become uninsurable, the Town Manager will obtain and document the risk exposure and requirements and cost to make it insurable, prior to justifying demolition or disposition of the asset.

As the Town is self-insured for some of the benefits programs it offers, the Town will maintain adequate reserves for its Workers Compensation and Unemployment Compensation

### 5. Capital Budgeting and Planning Policy

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets owned by the Town of Sudbury include roads, bridges, culverts, dams and drainage systems. The Town of Sudbury has a capital planning and budget bylaw and process that require the following:

- ☐ The Town Manager shall meet with Department Heads and compile a capital program and capital budget.
- The Town will maintain and update a list of all priority parcels and property on the Open Space Recreation, and Historic Preservation Plans and their anticipated status for the next 5 years.
- ☐ The Town Manager will request from the Community Preservation Committee (CPC) a statement of Community Preservation Act (CPA) fund balances (unallocated and unspent) and identify CPA-eligible expenses in the Capital Plan.
- ☐ The Town Manager will update and adopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description, CPA and/or grant eligibility, and anticipated funding sources for capital projects.
- ☐ The Town Manager will submit a capital program to the Board of Selectmen as part of the Operating Budget. The proposed program will detail each capital project, the estimated cost, description, and funding source, and CPA and/or grant eligibility.
- ☐ The Town Manager will update and adopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.
- ☐ The Town will emphasize preventive maintenance as a cost-effective approach to capital maintenance. Exhausted capital goods will be replaced as necessary.

Commented [B55]: Discuss with BOS

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Per Town By-Law, the Capital Improvement Advisory Committee shall consider the merits of each project over \$100,000 and make its recommendation to the Finance Committee, Board of Selectmen and Town Meeting. The Board of Selectmen may request the opinion of relevant town committees in accordance with their charters, including for example the Land Acquisition Review Committee for land acquisitions, the Permanent Building Committee for building construction or renovation.

### 6. Debt Management Policy

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Board of Selectmen of the Town of Sudbury have adopted the following debt management policies:



- Long-term debt will be issued only for objects or purposes authorized by state law under Chapter 44, section 7 and 8. See <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section7>.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency.
- Debt maturity will not exceed the lesser of: the useful life (as established by the Town Treasurer-Collector), or the period of probable usefulness (as defined in Massachusetts State Local Finance Law), of the object or purpose so financed, whichever is shorter.
- ~~Debt payment structure options (e.g. level-principal versus level-debt, 20 versus 30 years) may be evaluated on a case by case basis for each project.~~
- ~~Debt payment structure may be front loaded or level-payment based on the anticipated benefit which current and future taxpayers will receive from the expenditure.~~
- ~~Service of existing capital exclusion debt obligations should be supplemented with non-tax income from Revenue Generating Arrangements enabled by those capital investments.~~
- ~~Debt obligations related to projects that have revenue generating arrangements should be offset via the funds generated by that arrangement. [DENNIS TO COGITATE CODIFYING MECHANISM]~~
- ~~Existing capital exclusion debt obligations may be paid from remaining free cash after Stabilization Fund minimum balance and Capital Stabilization Account minimum contributions are met.~~
- Prefer to use free cash to fund capital in lieu of (one-year) capital exclusions.

### 7. Protection of Credit Rating Policy

Maintenance of the highest-level credit rating possible is important to the continued financial health of Sudbury as it reduces the costs of issuing debt. Credit rating firms consider management practices to be very important factors. Poor management practices can inadvertently jeopardize the financial health of a local government. To be proactive in assuring the Town of Sudbury does not engage in these practices, the Board of Selectmen of the Town of Sudbury has adopted the following credit rating protection policies.

- The Town will not rely on reserves to sustain operating budgets. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress. In the subsequent year, the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.
- The Town will not defer current costs, such as pension or benefit costs, to a future date.

### 8. Free Cash Policy

- To the extent the Town has certified free cash, the following guidelines should be adhered to:
  - After adherence to the Stabilization Fund Policy (section 9), free cash should be used for capital projects with expected expenditures in the fiscal year that the free cash is

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**Commented [BS6]:** Finance Director: whether you adopt these words or not, please describe the policy by which you make a decision on how to structure debts.

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**Commented [BS7]:** Mechanism to use revenue from arrangement such as the Sewataro Management agreement to apply towards debt obligation incurred by acquiring Sewataro land and assets.

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**Commented [BS8]:** Some mechanism for using revenue to offset debt expenses, e.g. Sewataro revenues to pay debt so that taxpayers don't absorb it all

**Commented [BS9R8]:**

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**Commented [BS10]:** Intent is to not encumber free cash for a purpose years before it is needed. If an expenditure or contract will not begin until the next fiscal year, the policy should be to consider in the next fiscal year budget.

certified, contributions to the OPEB trust and other one-time non-operating expenditures.

- o A minimum of 50% of remaining free cash after the "Sstabilization Ffund" transfer (see Section 9) shall be used for capital purchases or saved for future capital expenses ~~to~~, with a minimum of 10% of that amount being transferred into the "Ccapital Sstabilization Aaccount", until the Capital Stabilization Account is fully funded as determined by the Town Manager and the Board of Selectmen. -
- o After the "S capital and stabilization Fund" and "Capital Stabilization Account" minimums, 20% of the free cash balance shall be transferred to the OPEB Trust Fund until it is fully funded as actuarially determined.
- o The remaining free cash may be appropriated for capital projects, including service of existing capital debt obligations, contributions to the OPEB trust or other one-time non-operating expenses.

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#### 9. Stabilization Fund

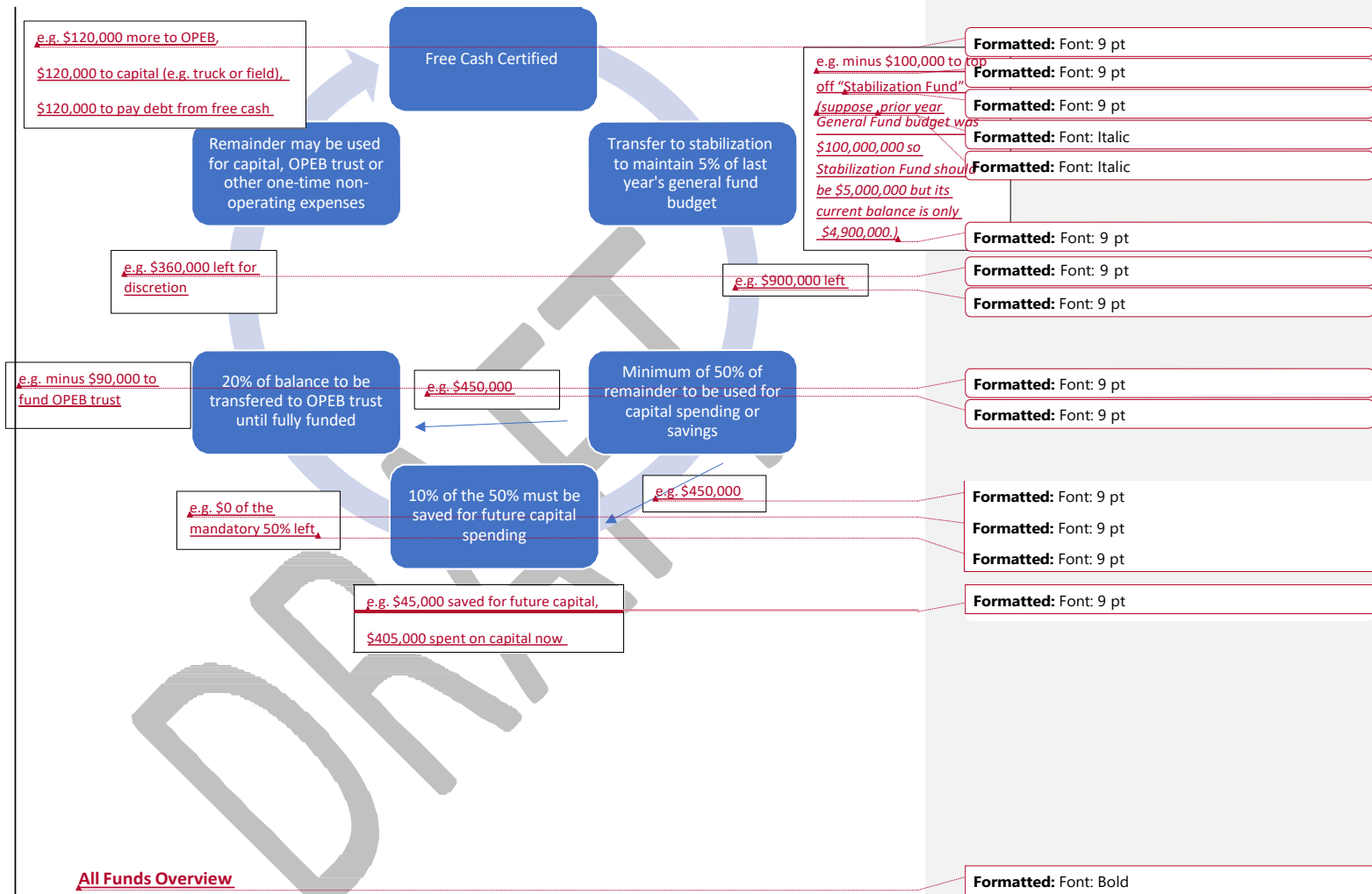
- The Town of Sudbury shall maintain a "Sstabilization account Fund" to provide the reserves that are required to protect the financial condition of the Town.
- The Town will maintain the Stabilization Fund at an amount equal to five percent (5%) of the General Fund budget in the previous year.
- To achieve this goal, this transfer shall be done at the first town meeting of the fiscal year after free cash is certified.

Free Cash Flow Chart

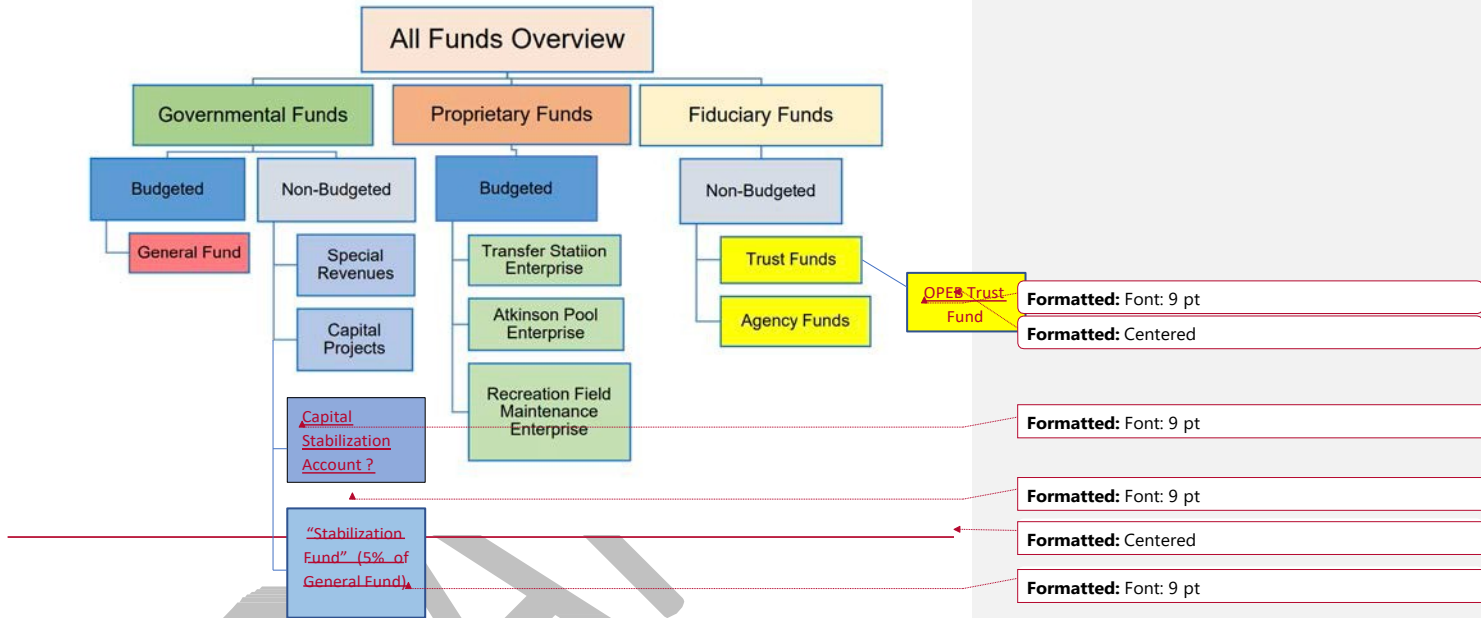
e.g. \$1,000,000  
free cash to start

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The following diagram, amended from the Town Manager's FY2020 Budget, illustrates where "Stabilization Fund", "Capital Stabilization Account", and "OPEB Trust Fund" exist. It should also be overlaid with a representation of conceptual Free Cash, and how the aforementioned policies would allocate Free Cash towards these three Funds / savings Accounts, as well as to other one-time non-operating expenses including a) immediate capital expenses or b) existing debt obligations



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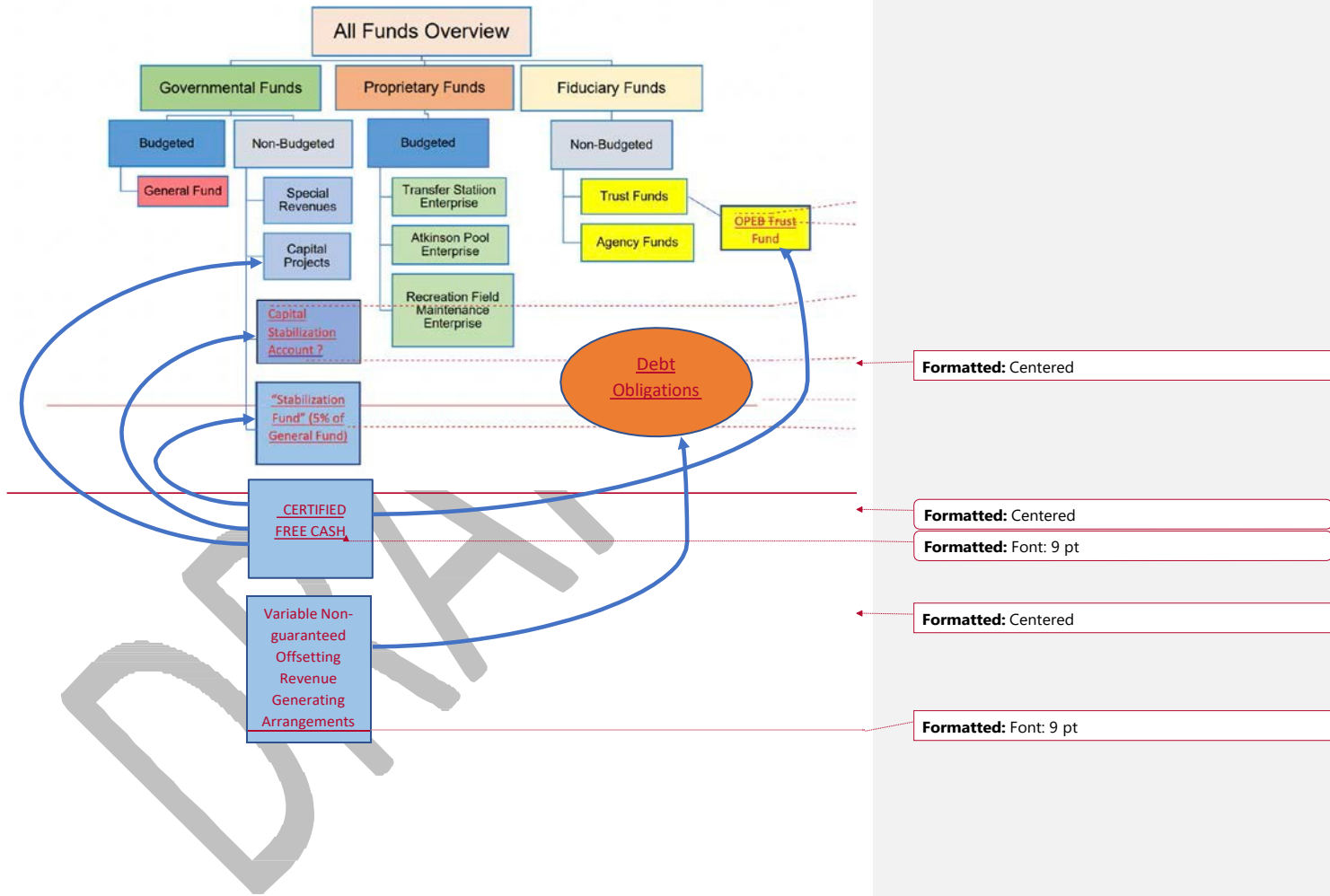
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Free Cash and Offsetting Revenue Generating Arrangement Flow Overlay Formatted: Font: Bold

There are many sources of revenue in the town.....

The following chart indicates the potential flow of Free Cash and cash from Variable Non-guaranteed Offsetting Revenue Generating Arrangements as per these BOS Financial Policies...



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# Selectmen Policies, Rules and Regulations

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It is recognized that in order to operate efficiently and as a unit, a board shall have a system of policies to direct its decisions and actions.

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## **Section 1. Procedural**

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### **1. Code of Conduct of the Board of Selectmen**

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- 1. A member of the Board of Selectmen, in relation to his or her community should:**
  - a. Realize that his or her basic function is to make policy, with administration delegated to the Town Manager.
  - b. Realize that he or she is one of a team and should abide by, and carry out, all Board decisions.
  - c. Be well informed concerning the duties of a Board member on both local and state levels.
  - d. Remember that he or she represents the entire community at all times.
  - e. Accept the role of a member is a means of unselfish service, not to benefit personally or politically from his or her Board activities.
  - f. Abide by the ethics guidelines established by the State and not use the position of Selectmen to obtain inside information on matters that may benefit someone personally.
  
- 2. A member of the Board of Selectmen, in his or her relations with the Town Manager, should:**
  - a. Endeavor to establish sound, clearly defined policies that will direct and support the administration of or the benefit of the staff and residents of the community.
  - b. Recognize and support the administrative chain of command and refuse to act on complaints as an individual outside the administration.
  - c. Give the Town Manager full responsibility for discharging his or her disposition and solution.
  - d. Not give instructions to or request assistance from Town department heads, but rather channel all such activities through the full Board and the Town Manager.
  
- 3. A member of the Board of Selectmen, in his or her relations with fellow Board members, should:**
  - a. Recognize that action at official legal meetings is binding and that he or she alone cannot bind the Board outside of such meetings.
  - b. Not make statements or promises of how he or she will vote on matters that will come before the Board until he or she has had an opportunity to hear the pros and cons of the issue during a Board meeting.
  - c. Uphold the intent of executive session and respect the privileged communication that exists in executive session.
  - d. Refrain from communicating the position of the Board of Selectmen to such entities as reporters or state officials unless the full Board has previously agreed on both the position and the language of the statement conveying the statement.
  - e. Treat with respect the rights of all members of the Board despite differences of opinion.
  
- 4. A member of the Board of Selectmen, in his or her relations with Town staff, should:**
  - a. Treat all staff as professionals, with clear, honest communication that respects the abilities, experience, and dignity of each individual.



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- b. Limit contact to specific Town staff. Questions of Town staff and/or requests for additional background information should be directed only to the Town Manager, Town Counsel, Assistant Town Manager, Administrative Assistant to the Board of Selectmen, or Department heads. The Town Manager should be copied on all requests or correspondence.
- c. ~~Refrain from criticizing~~ ~~Never publicly criticize~~ an individual employee. Concerns about staff performance should only be made to the Town Manager through private conversation.
- d. Limit requests for staff support, and insure that all requests go through the Town Manager.
- e. Insure than any materials or information provided to a Selectmen from a staff member be made available to all Selectmen.

*First adopted by the Board of Selectmen May 10, 2000*

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## ~~2-~~ Code of Conduct for Town of Sudbury Committees Whose Members are appointed by the Sudbury Board of Selectmen or the Sudbury Town Manager

A member of any Committee who has accepted appointment by the Board of Selectmen or the Town Manager to a Committee position is expected to comply with the following code of conduct. Failure to adhere to this code will be considered by the Board and Town Manager when making re-appointment decisions.

1. Realize that your function is to follow the mission statement of the Committee.
2. Accept the role of a Committee member is a means of unselfish service, not to benefit personally or politically from his or her Committee activities.
3. Abide by the ethics guidelines established by the State.
4. Conflicts of interest: Refrain from participating as either a member of the Committee or as a member of the public in Committee matters in which you have a personal interest.
5. Abide by all policies established by the Board of Selectmen, including the email communications policy.
6. Realize that you are one of a team and should abide by all decisions of the Committee.
7. Be well informed concerning the duties and responsibilities of the Committee.
8. Remember that you represent the entire community at all times.
9. Request assistance from Town staff only through the staff person assigned to the Committee.
10. Not make statements or promises of how you will vote on matters that will come before the Committee until you have had an opportunity to hear the pros and cons of the issue during a public meeting of the Committee.
11. Refrain from communicating the position of the Committee to reporters or state officials unless the full Committee has previously agreed on both the position and the language of the statement conveying the statement.
12. Treat with respect and courtesy all members of the Committee despite differences of opinion.
13. Treat with respect and courtesy any member of the public, including anyone they have brought to represent them, who comes before the Committee for any reason, but particularly in matters related to regulatory issues.
14. ~~Refrain from criticizing~~ ~~Never publicly criticize~~ an employee of the Town. Concerns about staff performance should only be made to the Town Manager through private conversation.
15. Insure that any materials or information provided to a Committee member from Town staff should be made available to all Committee members.
16. If circumstances change so that meeting attendance on a regular basis becomes difficult, the Committee member will offer his or her resignation to the Board, so that someone who can regularly attend meetings can be selected by the Board.

Adopted by the Board of Selectmen July 11, 2006; revised September 8, 2009.

~~December 4 June~~, 2018, Policy Draft

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## 2. Meeting Policy

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1. An organizational meeting shall be held at the first meeting following Town Meeting.
  - a. Elect Chairman.  
The Chairman will approve the agenda for and conduct the Selectmen's meeting; coordinate the affairs of the Board with due concern that all members' views are heard and considered; and act as liaison to the Town Manager and the major departments under the Board of Selectmen.
  - b. Elect Vice-Chairman.  
The Vice-Chairman will assume the duties of the Chairman in his absence. The Vice-Chairman is tasked with organizing office hours, the town forum and the Board of Selectmen newsletter.
  - c. Elect Clerk (Town Manager unless voted otherwise).  
The Clerk will be responsible for (1) preparation for Selectmen's meetings and keeping complete and accurate minutes of Selectmen's meetings and ; and (2) is authorized to provide attested copies of Selectmen's votes and minutes as necessary.
2. Meetings shall start promptly at 7:00 p.m. on Tuesdays. No new Formal business will be introduced session shall adjourn no-later than 10:00 PM. Unfinished business will be postponed until the next meeting unless the Board votes to extend the meeting. Meetings will be held twice a month, unless the need for a special meeting arises or the Board votes to hold fewer meetings.
3. Actions and decisions shall be by motion, second and vote. If the vote is not unanimous, the minutes shall reflect the vote of each Selectmen.
4. For the meeting, the Town Manager shall:
  - a. Provide Selectmen with pertinent explanatory or review material in brief form with agenda, sent prior to meeting.
  - b. Have on hand, all back-up data and files appropriate to a scheduled item of discussion. In addition, he shall provide any data, analyses and recommendations as appropriate.
  - c. Draft motions in advance of meeting.
  - d. Report highlights from meeting minutes of other boards and committees.

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(Amended 05/10/76, 04/23/84, 10/29/84, 11/08/84, 07/08/96)

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#### 4. Town Counsel Policy

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It is the intent of this policy to set forth general guidelines and expectations on the accessibility of Town Counsel to Town boards, commissions and committees, and employees, consistent with the Town of Sudbury general bylaws, the Town charter (the Board of Selectmen-Town Manager Act) and state law. It is not the intent of this policy to explicitly or implicitly deny anyone access to Town Counsel but rather to control and monitor accessibility to Town Counsel, thereby understanding and controlling the cost of legal services.

##### A. **Boards, commissions and committees of the Town of Sudbury**

1. Chairs of all boards, commissions or committees, other than the Board of Selectmen, shall have direct access to Town Counsel to obtain legal advice, including a request for a written opinion, or to request Town Counsel to attend a meeting of such board, committee or commission. Any member of a board, commission or committee may request a written opinion from Town Counsel, provided that said member obtains a majority vote of said board, committee or commission at a public meeting authorizing the request of such opinion. After obtaining a majority vote as set forth in the preceding sentence, said request shall be submitted to Town Counsel with a copy to the Town Manager for notification purposes.
2. Town Counsel will refer all requests for opinions received from individual members of boards, commissions or committee to the chair of said committee, who will schedule the request for a vote of the board, commission or committee on the matter of approving such a request at the next meeting of said committee, when feasible. Town Counsel will copy the Town Manager on all such requests.
3. Boards, commissions or committees may vote to authorize one member of the board, commission or committee to communicate directly with Town Counsel on a specific matter they have explicitly voted for that member to have responsibility for. For example, if a board appoints one member of the board to work on a policy item to be considered by the board, the board may include in their designation that this includes the ability to seek an opinion from Town Counsel as part of the work to be undertaken by that board member. Such vote of the board, commission, or committee must clearly reflect an authorization for the Town Counsel to speak directly with less than a quorum of the board, commission or committee on the specific matter. Such a vote must be filed with the Town Counsel and the Town Manager.
4. The chairs or vice-chairs of all boards, committees and commission shall have direct access to Town Counsel to request advice or assistance in preparation of the agenda for an upcoming meeting or for advice regarding chairing an upcoming meeting. They do not need to copy the Town Manager on such inquiries.
5. The chairs or vice-chairs of boards, committees or commission with the Town shall have direct access prospectively to Town Counsel to request opinions, advice or information concerning the **Open Meeting Law** codified at G.L. c. 39, section 23B or to receive guidance with respect to the rules governing responses to public records requests. They do not need to copy the Town Manager on such inquiries.
6. Officers of the Town, including all members of boards, commissions and committee requesting **Ethics Opinions** (Conflict of Interest Law) shall have direct access to Town Counsel. They do not need to copy the Town Manager on such inquiries.

7. The Moderator shall have direct access to Town Counsel to obtain legal advice, including a request for a written opinion, in relation to her/his duties as Moderator.

**B. Board of Selectmen**

1. The chair of the Board of Selectmen shall have direct access to Town Counsel to obtain legal advice, including a request for a written opinion, or to request Town Counsel to attend a meeting of the board. Any member of the Board of Selectmen shall have direct access to Town Counsel to obtain legal advice or request a written opinion. Such requests shall be submitted in writing to Town Counsel with a copy to the Town Manager and the chair of the Board of Selectmen for notification purposes. The chair of the Board shall ensure that other Board members are informed of such requests.
2. The chair of the Board of Selectmen shall have direct access to Town Counsel to request advice or assistance in preparation of the agenda for an upcoming meeting or for advice regarding chairing an upcoming meeting. The chair does not need to copy the Town Manager on such inquiries.
3. The chair or vice-chair of the Board of Selectmen shall have direct access prospectively to Town Counsel to request opinions, advice or information concerning the **Open Meeting Law** codified at G.L. c. 39, section 23B or to receive guidance with respect to the rules governing responses to public records requests. They do not need to copy the Town Manager on such inquiries.
4. All members of the Board of Selectmen requesting **Ethics Opinions** (Conflict of Interest Law) shall have direct access to Town Counsel. They do not need to copy the Town Manager on such inquiries.

**C. Town Manager and Town Employees**

1. The Town Manager shall have direct access to Town Counsel at all times in relation to her/his duties as Town Manager.
2. Department heads and division heads are encouraged to set up meetings with Town Counsel during regularly established Town Counsel office hours, via an email to Town Counsel with a cc to the Town Manager.
3. Department heads, division heads and other employees shall have email or phone access to Town Counsel as needed for general advice on issues concerning the operation of their offices, but must copy the Town Manager on the request to Town Counsel. If the request involves generation of a written opinion from Town Counsel, Town Manager shall be notified of that request before the opinion is written.
4. Employees of the Town requesting **Ethics Opinions** (Conflict of Interest Law) shall have direct access to Town Counsel. They do not need to copy the Town Manager on such inquiries.

**D. Town Meeting Issues**

1. Warrant articles for the Annual Town Meeting or Special Town Meetings sponsored by Town boards, committees, commissions or employees shall be drafted by the Town Counsel's office.

Sponsors of warrant article(s), excluding petition articles, shall submit draft wording for articles or general background information that Town Counsel will use to write the article, and send it back to the sponsor for signature before submission to the Board of Selectmen's Office.

2. Sponsors of petition articles for Annual or Special Town Meeting may submit draft articles to Town Counsel for legal review and guidance. Town Counsel will not draft articles for petitioners, but will be available for legal review and guidance. To obtain such legal review, draft petition articles must be submitted to the Board of Selectmen's office at least five days before the January 31 due date for article submission. Staff in the Board of Selectmen's office shall forward the draft petition article to Town Counsel for review.
3. Town Counsel's office will write all motions for all articles for Annual or Special Town Meeting, working with the sponsors of all articles as needed in the judgment of Town Counsel.

**E. Confidentiality of Attorney-Client Communications**

The attorney-client privilege shields from the view of third parties all confidential communications between a client and its attorney undertaken for the purpose of obtaining legal advice. As a matter of policy, the Board of Selectmen hereby requires that the confidentiality of communications between town officials, departments, boards, and committees, and Town Counsel and Special Town Counsel be maintained and preserved. The scope of privileged communications includes communications from Town officials, departments, boards or employees seeking legal advice, as well as opinions and advice received from Town Counsel or Special Town Counsel, whether in formal written opinions, email, in person, or by telephone. The attorney-client privilege belongs to the Town of Sudbury, acting through its Board of Selectmen. The Board of Selectmen is the chief policy making body of the Town and is responsible, in conjunction with Town Counsel, for managing the legal affairs of the Town. Accordingly, only the Board of Selectmen, acting as a Board at a duly noticed meeting, is authorized to waive the attorney-client privilege on behalf of the Town. Should any town official, department, board, or committee believe that it is in the best interests of the Town to waive the attorney-client privilege with respect to any privileged attorney-client communication received from Town Counsel or Special Town Counsel, they should request to discuss the matter with the Board of Selectmen in executive session to obtain a vote by the Board of Selectmen as to whether or not said privileged communication may be released. No town official, department, board or committee is permitted on his or her or its own volition to release any confidential attorney-client communications to third parties or otherwise purport to waive the Town's attorney-client privilege.

( Approved 9/8/2015)

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## 5. Policy on Remote Participation

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### PURPOSE STATEMENT

The Office of the Attorney General amended the Open Meeting Law regulations at 940 CMR 29.00 to allow members of public bodies, in limited circumstances, to participate remotely in meetings. While all members of Town Boards and Committees should try to attend meetings in person, the new regulations seek to promote greater participation in government meetings by allowing members to participate remotely when certain specific circumstances prevent them from being physically present.

The intent of this policy is to establish clear guidelines on the practice of remote participation by Town Boards and Committees under the Open Meeting Law, M.G.L. c.30A, §§18-25.

### ENABLING AUTHORITY- 940 CMR 29.10(8)

A municipality may adopt a policy that prohibits or further restricts the use of remote participation by public bodies within its jurisdiction.

### ADOPTION OF REMOTE PARTICIPATION

In accordance with 940 CMR 29.10(2)(a), the Board of Selectmen, on December 15, 2015, voted to authorize the adoption of 940 CMR 29.10 so that remote participation is permitted in the Town. In accordance with 940 CMR 29.10(3), the Board of Selectmen may revoke its adoption of 940 CMR 29.10 by simple majority vote at any time.

This policy and 940 CMR 29.10 shall apply to all Town boards, committees, commissions, sub-committees and other public bodies regardless of whether such public bodies are appointed or elected. Where the Remote Participation Policy is more stringent than 940 CMR 29.10, the Policy shall control.

### MINIMUM REQUIREMENTS FOR REMOTE PARTICIPATION

Members of the public body who participate remotely and all persons present at the meeting location shall be clearly audible to each other.

A quorum of the body, including the chair or, in the chair's absence, the person authorized to chair the meeting, shall be physically present at the meeting location, as required by M.G.L. c.30A, §20(d).

Members of the public body who participate remotely must have access to the same materials being used at the meeting location.

Members of public bodies who participate remotely may vote and shall not be deemed absent for the purposes of Article III, Section 8 of the Town General By-laws and M.G.L. c. 39, §23D.

*Section 23D (a): Notwithstanding any general or special law to the contrary, upon municipal acceptance of this section for 1 or more types of adjudicatory hearings, a member of any municipal board, committee or commission when holding an adjudicatory hearing shall not be disqualified from voting in the matter solely due to that member's absence from no more than a single session of the hearing at which testimony or other evidence is received. Before any such vote, the member shall certify in writing that he has examined all evidence received at the missed session, which evidence shall include an audio or video recording of the missed session or a transcript thereof. The written certification shall be part of the record of the hearing.*

*Nothing in this section shall change, replace, negate or otherwise supersede applicable quorum requirements.*

#### **PERMISSIBLE REASONS FOR REMOTE PARTICIPATION**

It is the express desire of the Board of Selectmen that remote participation in meetings be an infrequent event, for both individual board members and Town Boards and Committees as a whole. Chairs of public bodies are encouraged to interpret these rules in a strict fashion and to continue to induce all members to attend meetings in person as a general rule, due to the inherent benefits of physical presence in a meeting.

A Board member may attend a meeting through electronic conferencing if his or her physical presence at the meeting is prevented due to one of the following extenuating circumstances: personal illness or disability; a family or other emergency; military service; geographic distance.

Due consideration should be given regarding associate members on Boards and Committees, Associate members should be utilized in the absence of members of Boards and Committees when deemed appropriate by the Chair. Any determination by the person chairing the meeting to allow or not to allow remote participation shall be final and shall not be appealable.

The commission on disability may by majority vote of the commissioners at a regular meeting authorize remote participation applicable to a specific meeting or generally to all of the commission's meetings. If the commission on disability utilizes remote participation, a physical quorum of that commission's members shall not be required to be present at the meeting location; provided, however, that the chair or, in the chair's absence, the person authorized to chair the meeting, shall be physically present at the meeting location. The commission shall comply with all other requirements of law and this policy.

#### **ACCEPTABLE METHODS OF REMOTE PARTICIPATION**

The following media are acceptable methods for remote participation. Remote participation by any other means is not permitted. Accommodations shall be made for any public body member who requires TTY service, video relay service, or other form of adaptive communications.

- i. Telephone, internet, or satellite enabled audio or video conferencing.
- ii. Any other technology that enables the remote participant and all persons present at the meeting location to be clearly audible and, if possible, clearly visible to all persons present at the meeting location.
- iii. If technical difficulties arise as a result of utilizing remote participation, the Chair should suspend discussion while reasonable efforts are made to correct any problem that interferes with remote participant's ability to hear or be heard clearly by all persons at the meeting location. If technical difficulties result in a remote participant being disconnected from the meeting, that fact and the time at which the disconnection occurred and subsequent reconnection if achieved shall be noted in the meeting minutes. If a public hearing occurs after disconnection, the member shall be noted as absent.



## PROCEDURES FOR REMOTE PARTICIPATION

Any member of a public body who wishes to participate remotely shall, at least 48 hours or as soon as reasonably possible prior to the meeting, notify the chair or person chairing the meeting of his or her desire to do so and the reason for and facts supporting his or her request.

- i. If the Chair approves the request for remote participation, he or she shall make any necessary arrangements with appropriate Town personnel to ensure that the required equipment is available and, to the greatest extent practical, provide access to all meeting materials. THE TOWN DOES NOT GUARANTEE AVAILABILITY OF REQUIRED EQUIPMENT AT ANY PARTICULAR TIME OR LOCATION.
- ii. At the start of the meeting, the chair shall announce the name of any member who will be participating remotely and the reason for his or her remote participation. This information shall also be recorded in the meeting minutes.
- iii. All votes taken during any meeting in which a member participates remotely shall be by roll call vote. Members may participate remotely even if they are not qualified to vote.
- iv. Remote participants shall preserve the confidentiality of the executive session (where applicable). The remote participant shall state at the start of any such session that no other person is present and/or able to hear the discussion at the remote location, unless presence of that person is approved by simple majority vote of the public body, and that the session is not being remotely recorded by any device.
- v. The Town shall not be responsible for the reimbursement of any out-of-pocket costs associated with the remote participation of Board members.
- vi. Members participating remotely are cautioned that the same obligations of consideration apply as in any physical meeting. Remote participants should direct all their attention to the meeting, and should make their decisions based upon the same information as is available to all the other participants in the meeting. The remote participant shall also state at the beginning of any meeting that no other person is in proximity who could exert undue influence on the participant, in either executive or public session, and shall inform the chair if that situation changes.
- vii. The chair of any committee which has agreed to allow remote participation shall provide to the Board of Selectmen, no later than June 30 and December 31 of each year, a report that indicates the date(s) of any meetings for which remote participation was requested, the name(s) of individuals making the request, the determination of the chair for each request, and a summary of any logistical, technical and compliance issues related to remote participation.
- viii. Remote participation shall be limited to one member per scheduled meeting.
- ix. Remote participants shall not operate a motor vehicle or otherwise jeopardize personal or public safety while participating in a meeting.

***(Approved 12/15/2015)***

December 4~~June~~, 2018, Policy Draft

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## 6. APPOINTMENT POLICY

### For positions appointed by the Selectmen and the Town Manager

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1. Expiration date for appointments is ~~May 31~~~~April 30~~<sup>st</sup>th, or until his successor is appointed and qualified, with the exception of the following:

       a. Historic Districts Commission, which, under G.L.Ch.40C, expire January 1st.

       b. Election Officers are appointed annually between July 15th and August 15th, in accordance with G.L.Ch. 54, s.12.

       c. Sudbury Cultural Council appointments may expire at varying times, depending upon date of appointment.

2. The Town Manager shall:

       a. Present, at the first regular meeting following Town Election, a list of appointments to be made by the Board.

       b. Notify incumbents and request their statement of availability regarding reappointment.

       c. Notify the chairman of the appropriate board or committee requesting recommendation for reappointment or filling vacancies.

       d. Actively seek volunteers for boards and committees and maintain a "Talent File" of same.

       e. Provide Chairmen of boards and committees with names of candidates from the Talent File and request recommendations from pertinent boards or committees to fill vacancies.

3. ~~ISchedule~~ interviews for potential new appointees.

       a. Copies of applications shall be provided to the Selectmen and chairman of respective board or committee prior to interview.

       b. Invite chairman to join Selectmen in conducting the interview relating to his board.

4. Annual appointments shall be completed as soon as possible.

5. Updated lists of members will be provided to the office.

6. Retiring members will receive letters of thanks from the Town for their service.

(Amended 5/10/76, 8/23/99)

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## 7. SELECTMEN'S LIAISON AND WORK ASSIGNMENTS

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As the executive board responsible for the overall leadership and coordination of town affairs, and in order to promote close cooperation among town groups, the Selectmen shall maintain close liaison with selected boards and committees, as well as the departments for which they are directly responsible.

This liaison function usually shall be performed by individual Selectmen as assigned.

The liaison and work assignments shall be made each year after board organization, as proposed by the Chairman and approved by the Board. The Chairman's assignments shall include Town Manager and Town Counsel.

The intent and scope of the liaison functions shall depend on the type of individual, board or committee assigned, as follows:

1. Official Appointed by Selectmen:

Advice and counsel; contact point for interpretation and explanation of board decisions; coordination of activities with Board and other town groups, as required; familiarity with objectives and activities; recommendations to Selectmen for changes.

2. Board or Committee Appointed by Selectmen:

Assistance to committee and coordination of activities, as requested; familiarity with objectives and activities; recommendations to Selectmen for changes.

3. Other Elected or Appointed Board, Committee or Official:

Coordination of activities, as required; familiarity with objectives and activities.

The Selectmen assigned to a liaison function shall keep the Board of Selectmen advised of significant developments and activities and specific Selectmen decisions or advice required or sought.

(Amended 5/10/76, 8/23/99)

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## Citizen Comment Procedure

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The Chair will schedule a "Citizen's Comment" timed agenda item for each meeting. The Chair of the Board has the discretion as to when to schedule this item on an agenda.

1. In order to facilitate the process, at the beginning of each meeting the Recording Secretary for the Board will ~~place~~ provide a sign-up sheet ~~at the rear of the meeting room~~. Residents are asked to write their names on the sign-up sheet and note the topic on which they wish to address the Board. Residents will be called to speak in the order of sign-up.

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2. Upon being called up, the citizen shall approach a microphone and introduce him/herself clearly by name and address. This is intended to ensure that citizen input is fully audible to attendees of the meeting and people viewing the meeting via SudburyTV.

3. As the topic of a "Citizen's Comment" may not be on the agenda as required by the 48 hour Open Meeting Law, the Board members may not be able to deliberate or take votes on the topic and may only listen, comment and ask questions during the "Citizen's Comment" time. The Board may, at the Chair's discretion, schedule the topic for a later Board meeting as an agenda item. The citizen who made the comment or suggestion shall be notified of the date of such meeting.

4. The Chair shall be sensitive to the subject matter under discussion and if it involves the performance of an official of the Town who has not previously been advised that a matter may be discussed, the citizen's comments will be noted but further discussion may be curtailed. The Board may, at the Chair's discretion, ask follow up questions and/or schedule the topic for a later Board meeting as an agenda item. The citizen who raised the performance issue shall be notified of the date of such meeting. Citizens are encouraged to discuss employee performance with the Town Manager.

~~5. If the citizen has comments about a Town employee's performance, the citizen's comments will be curtailed and the citizen will be directed to discuss this topic with the Town Manager outside of a Selectmen's meeting.~~

~~6. The Chair may, at his/her discretion, because of the lateness of the hour or time spent on a single item, close the Citizen's Comment in order to finish the Board's business meeting.~~

~~7. Any citizen may also petition the Board to be given time on a future agenda to discuss a particular issue. Whether the citizen will be given such time and, if given, what information or material will be required to be submitted in advance, shall be at the discretion of the Chair.~~

~~8. Citizens have the option of emailing the Board with their questions and comments. The Board's email address is Selectmen@sudbury.ma.us. Please note that the Chair of the Board will endeavor to answer all emails sent to this address within 48 hours of receipt, but may not always be able to do so.~~

~~9. Citizens have the option of attending one of the Board's monthly "Office Hours" to discuss items with members of the Board. Please check the Board's Sudbury webpage to see the next scheduled Office Hours session - <http://sudbury.ma.us/departments/BoardOfSelectmen>~~

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## 9. Sudbury Board of Selectmen's Office Hours

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The Board will begin offering monthly "Office Hours" where no more than two members of the Board will be at different sites in the Town. These office hours are not public meetings with an agenda, but rather a casual, open time for general discussions with Board members. The Board of Selectmen's Office Hours shall be posted on the Town's web site at least one week before each session.

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## ~~40.~~ EVALUATION PROCESS FOR THE TOWN MANAGER

### PREFACE

The Sudbury Board of Selectmen is committed to an evaluation process that is positive, constructive, and measurable in assessing performance. The BOS seeks to provide sound and regular feedback to the Town Manager. The purpose of the evaluation is to assist the Town Manager in reviewing her effectiveness in carrying out the duties of the position and in meeting the goals which the BOS and the Town Manager have mutually established. The evaluation should be a positive, constructive process, implemented with mutual respect for all involved, working toward the common goal of improving the Town of Sudbury.

### PROCESS

The evaluation shall consist of:

SECTION 1: Annual Town Manager goals agreed upon by the Town Manager and the BOS.

SECTION 2: A self-evaluation completed by the Town Manager, addressing major areas of responsibility and progress in meeting the Town Manager's goals.

SECTION 3: Individual evaluations based on a checklist of the Town Manager's major areas of responsibilities including the Town Manager's progress in meeting the annual goals. All Selectmen will complete the checklist to evaluate each area.

### PROCEDURE AND SCHEDULE

By September (?) each year, the BOS will establish or update goals for the Town of Sudbury

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that may be annual for the fiscal year or multi-year objectives. Within the context of these goals, the BOS and Town Manager together will outline specific annual goals for the Town Manager. The Town Manager's goals for the next calendar year will be established by the end of **October**.

The individual Selectmen are encouraged to discuss progress toward goals and concerns about performance issues directly with the Town Manager throughout the year.

The Town Manager will submit a self-evaluation to the BOS by **February 1** each year. Each Selectman will complete the Section 3 checklist including comments and submit it to the Selectmen's office by **March 1**. The complete performance evaluation will consist of the Town Manager's annual goals, the Town Manager's self-evaluation, the individual Selectmen's Section 3 evaluations, and a composite scoring averaging the Selectmen's ratings. The composite scoring for each area will be an average of the Selectmen's ratings, with each Selectman's score weighted equally. The Selectmen will then discuss the evaluation with the Town Manager in a public meeting.

Originally approved 4/5/16; revised 5/1/18

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## **Section 2. Board of Selectmen Financial Management Policies**

### **Introduction**

The Town of Sudbury has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The budget and financial goals and policies set forth by the Board of Selectmen in this document are intended to establish guidelines for the continued financial strength and stability of the Town of Sudbury. The Town Manager, per charter, is responsible for the financial management of the town, including budgeting.

#### **Goals**

Goals are broad, timeless statements of the financial position the Town seeks to attain. The financial goals for the Town of Sudbury are:

- To provide full value to the residents and business owners of Sudbury for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain our top level AAA credit rating
- To inform Town decision makers on management and policy matters which have significant fiscal importance.
- To set forth operating principles that balance the costs of government while supplying top rate services.
- To employ balanced and fair revenue policies that provide adequate funding for desired programs.
- To promote sound financial management by providing accurate and timely information on the Town's financial condition.
- To ensure the legal use of financial resources through an effective system of internal controls.

To achieve these goals, the Board of Selectmen adopts the following policies.

### **1- Operating Budget Policy**

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands and available resources. With these concepts in mind, the Town of Sudbury has adopted the following budget policy:

- On or before December 1, cost centers shall submit a proposed preliminary budget to the Finance Director for review.
- On or before January 31 of each year, the Town Manager will prepare a comprehensive budget for the Town of Sudbury, covering all major cost centers, all spending plans and all anticipated

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revenues. This comprehensive budget will be submitted to the Finance Committee and to the Board of Selectmen. (Bylaws Article IV Section 5)

- **Balanced Budget.** The annual operating budgets will be appropriated on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures (appropriations).
  - Operating revenues include property taxes, motor vehicle excises, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, and transfers in from other funds established for operating purposes.
  - Operating expenditures/expenses include salaries and wages, employee benefits, equipment and improvements, materials, supplies, and contractual costs.
- Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses
- The Town will avoid relying on Free Cash to fund on-going operating expenses.
- To the extent possible, one-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used for capital purposes, augmenting of Town reserves or emergency expenditures/expense.
- The Town Manager will annually estimate the costs of the Town's obligations for providing benefits for Town and Sudbury Public School employees as part of the preparation of the annual operating budget.
- The operating budget will not be subsidized by the Stabilization Fund.

## 2- Revenue Policy

Revenues determine the capacity of the Town to provide services. To ensure that revenues for the Town are balanced and capable of supporting desired levels of services, the Town of Sudbury has adopted the following revenue policy statements:

- The Town Manager and Finance Director are responsible for estimating revenues for the upcoming fiscal year. They will consult with other officials of the town as well as state officials and others with knowledge of state and local finance. (Town Charter)
- Revenue forecasts for local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs.
- The Town Manager and Finance Director will project revenues for the next three years as part of the three-year financial forecast.
- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential. All fees are reviewed and periodically updated, as necessary
- The Town will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.

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- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. A target of 98% property tax collection rate by fiscal year end will be achieved.
- Recreational user charges and fees will be set to recover approximately 100% of total direct costs generated by revolving fund recreation programs, plus all indirect costs for Town employees. -
- Enterprise fund (Transfer Station, Atkinson Pool and Recreation Field Maintenance) user charges and fees will be set to recover all direct costs ~~and~~ associated with the activities of these funds as well as the indirect costs.

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### 3- Expenditure Policy

Expenditures are a rough measure of a local government's service output. While many expenditures can be controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures and provide for a quick and effective response to adverse financial situations, the Town of Sudbury has adopted the following expenditure policy:

- Expenditures and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all vouchers shall be followed at all times. Properly completed claims must be prepared and submitted to the accounting department by the department responsible for originating the claim. A "properly completed claim" must include, but is not limited to, the vendor's name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. "Sufficient documentation" means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments do not exceed the authorized budget.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law and as otherwise established by the Town Manager or Town Counsel.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.
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#### 4- Reserves and Risk Management Policy

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A municipality's fiscal policies should include a plan for maintaining reserves. Operating reserves (or fund balance) are a prudent fiscal management tool and an important credit factor in the analysis of financial flexibility. The Town of Sudbury will maintain a level of reserves that protect the Town from emergency conditions, contribute to sufficient liquidity to pay all Town expenses, without short-term borrowing, and contribute to the high credit rating that the Town currently holds from Standard & Poor's (AAA). To provide for adequate levels of reserves to protect the Town's financial condition over the long-term, the Town of Sudbury has adopted the following financial reserves policy:

##### Risk Management

- The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- The Town will annually work with the Town's insurance carrier to update all listings of Town owned assets and the value of such covered assets.

As the Town is self-insured for some of the benefits programs it offers, the Town will maintain adequate reserves for its Workers Compensation and Unemployment Compensation **B. Stabilization Fund**

- The Town of Sudbury shall maintain a Stabilization Fund to provide the reserves that are required to protect the financial condition of the Town.
- The Town will work toward the goal of maintaining in the Stabilization Fund an amount equal to five percent (5%) of the total projected General Fund operating revenues for the previous fiscal year.
- Interest earned on Stabilization Fund balances will be retained in the Stabilization Fund.
- Withdrawals from the Stabilization Fund will only be used for extraordinary events.
- Transfers shall be made at the Fall Town Meeting if free cash has been certified.

Commented [PB4]: 1) Who can do transfers? 2) What if the Selectmen determine not to hold a fall town meeting?

#### 5- Capital Budgeting and Planning Policy

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Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets owned by the Town of Sudbury include roads, bridges, culverts, dams and drainage systems. The Town of Sudbury has a capital planning and budget bylaw and process that require the following:

- Per Town Charter and Town By-Law, the Town Manager shall meet with Department Heads and compile a capital program and capital budget.

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- The Town Manager will submit a capital program to the Board of Selectmen. The proposed program will detail each capital project, the estimated cost, description and funding source.
- The Town will update and adopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.
- The first year of the five-year CIP will be the basis of formal fiscal year appropriation request during the annual budget process.
- Per the Town's capital bylaw, the Capital Improvement Budget and Plan will generally address capital purchases/projects/improvement ~~with a value of more than \$50,000 and a useful life of over five (5) years as defined in Sudbury's Capital Planning Bylaw (Article XXV, Section 2).~~
- The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.

Commented [PB5]: Is the CIP the spreadsheet listing capital projects? Or is it a written report or presentation?

Per Town By-Law, the Capital Improvement Advisory Committee shall consider the merits of each project over \$50,000 and make its recommendation to the Finance Committee, Board of Selectmen and Town Meeting.

## 6 Debt Management Policy

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Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Board of Selectmen of the Town of Sudbury have adopted the following debt management policies:

- Long-term debt will be issued only for objects or purposes authorized by state law under Chapter 44, section 7 and 8. [See https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section7..](https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter44/Section7..)
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency.
- Debt maturity will not exceed the lesser of: the useful life (as established by the Town Treasurer-Collector), or the period of probable usefulness (as defined in Massachusetts State Local Finance Law), of the object or purpose so financed, whichever is shorter.
- Debt limits established by law and policy will be calculated by the Town's Finance Director/Treasurer-Collector at least once each year and whenever otherwise requested or appropriate (see Section 9 for further details).
- The Town will maintain good communications with bond rating agencies, bond counsel, banks, financial advisors and others involved in debt issuance and management.
- The Town's annual Town Report, Town Manager's Budget Request and annual town meeting warrant will give comprehensive summaries of the debt obligations of the Town.
- The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.

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- The Town will attempt to vote all significant debt questions (over \$500,000) exempt from the limits of Proposition 2 1/2.

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## 7. Protection of Credit Rating Policy

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Maintenance of the highest-level credit rating possible is important to the continued financial health of Sudbury as it reduces the costs of issuing debt. Credit rating firms consider management practices to be very important factors. Several management practices can inadvertently jeopardize the financial health of a local government. To be proactive in assuring the Town of Sudbury does not engage in these practices, the Board of Selectmen of the Town of Sudbury has adopted the following credit rating protection policies.

- The Town will not rely on reserves to sustain operating deficits. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress, but then the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.
- The Town will not defer current costs to a future date. This includes costs such as pension costs or benefits costs. From time to time, the State offers municipalities the option of deferring payments to their pension system, or other costs, as a short-term way of balancing a fiscal year's budget. However, it is the intention of the Town of Sudbury not to rely on these options.
- The Town will analyze the full-life costs of multi-year decisions. For example, acquiring or construction of new buildings will be conducted with an assessment of the operating costs of the building. Lease agreements will be conducted with an assessment of future budgets and the ability to make annual payments. Labor agreements will be negotiated with an analysis of the full costs associated with the terms of the agreement. ~~Cost estimates will include operating costs (including maintenance) and replacement costs. They will also include an analysis of the quality of service and the total (direct and indirect) costs of using town employees with the cost of outsourcing the service.~~
- The Town will follow the policies as outlined in this policy statement.

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## 8. Free Cash Policy

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- To the extent the Town has certified free cash, the following guidelines should be adhered to:
- The Town should maintain a level of unallocated free cash equal to at least one-half of one percent (1/2%) of the current year's operating budget.
- Free cash should be used for capital projects, contributions to the OPEB trust and other reserves.
- Excess free cash should be used to replenish the general stabilization fund to the extent that the fund balance is below five percent (5%) of projected general fund operating revenues for the next fiscal year. This will help us maintain our reserves within DOR guidelines. A transfer to the stabilization fund is subject to a 2/3 vote at Town Meeting.
- To the extent there is surplus certified free cash remaining, the surplus may be used as voted on expenditures as voted by a majority at Town Meeting. However, use of free cash to fund shortfalls in the operating budget on an annual basis is generally discouraged.

## **Section 3 Regulatory**

### **1- Parade Policy**

- a. Except for a Military or Funeral Parade, no person shall form or conduct any parade in any public street, public sidewalk or public way within the Town without first obtaining a written permit from the Board of Selectmen.
- b. The Chief of Police, after conferring with the Fire Chief, will determine the appropriate public safety requirements for this parade and the cost of such special duty officers, if any required, will be borne by the applicant.
- c. The Town of Sudbury requires a Certificate of Insurance of no less than \$1,000,000, naming the Town as an additional insured.
- d. All cleanup from parade will be completed by the applicant within 8 hours after the stated ending time, or applicant will be billed for the Towns cost to clean up, depending on size of the parade.

(approved 5/31/11, reviewed 6/13/18)-

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## 2- Alcohol Rules and Regulations

### **Overview:**

The following guidelines and regulations, developed by the Board of Selectmen, are designed to provide Liquor License holders in the Town of Sudbury with a clear understanding of the expectations of the Board of Selectmen as the Local Liquor Licensing Authority.

Licensees are required to adhere to the provisions of these regulations, as well as other Federal, State and local laws and regulations. If the Local Licensing Authority (LLA) or its designated representative determines that there exists satisfactory proof of such a violation(s), the Local Licensing Authority, or its designated representative, may take, after appropriate public meeting or hearing, disciplinary action, which may include oral warning, written warning, suspension of license, modification of license, non-renewal of license and/or revocation, depending upon the seriousness of the offense(s) and the judgment of the Local Licensing Authority.

Any situation not expressly covered by these regulations shall be addressed in accordance with the latest publication, guidelines or advisories of the Alcoholic Beverages Control Commission, as deemed appropriate by the LLA and adjudicated on a case-by-case basis by the Issuing Authority.

All regulatory considerations shall serve as guidelines to the Board of Selectmen in their deliberations regarding liquor license matters in accordance with Chapter 138 of the General Laws of the Commonwealth of Massachusetts and the Regulations of the Town of Sudbury.

The Board of Selectmen, as Local Licensing Authority, reserves the right to follow or deviate from these general guidelines, when in the judgment of the Board of Selectmen, it is warranted in the interest of public safety.

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**General Considerations:**

The Board of Selectmen, also referred to in this document as the Local Licensing Authority (LLA), has designated in matters of administrative filings, paperwork, and correspondence, the Selectmen’s office as its representative.

The Board of Selectmen also designates the Sudbury Police Department, Sudbury Fire Department, Sudbury Building Inspector, Sudbury Board of Health, and Town Manager to act as representatives regarding compliance of regulations.

Licensees should note that the LLA has directed that the Sudbury Police Department will, on regular occasion, and no less than once per year, conduct “compliance checks” of each establishment to ensure rules and regulations are adhered to. These include postings, licensure, and conduct of a licensee with regard to State and local regulations.

Violations of regulations will be reported to the LLA/Board of Selectmen by the appropriate town bodies and pursued in accordance with these guidelines. These compliance checks and the report of any violations should occur prior to the yearly licensing process.

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The LLA considers first and foremost the protection of Sudbury residents, and in particular Sudbury youths. Violations which relate directly to over-serving or serving of minors, whether reported through inspection or as a result of a criminal or safety complaint, may be considered with more gravity than those reported as administrative in nature.

**Violations:**

- A. Upon written notice from the Chief of Police or other source that an infraction has allegedly occurred at a licensed establishment or other matters that the Chief of Police, or designated representatives of the LLA, deems should be brought to the attention of the Board, the Board will consider in open session whether or not a public hearing should be held.
- B. If it is determined that a public hearing will be held by vote of the LLA, the Selectmen’s office shall send via certified mail or direct an agent to deliver a written notice to the applicant outlining the proposed hearing date/time. The licensee is obligated to acknowledge the receipt of same and confirm they will appear at the scheduled hearing.
- C. Any hearing will normally occur within the following two (2) scheduled meetings of the Board of Selectmen (LLA) after the vote of the LLA to conduct such hearing, unless the LLA determines there are extenuating circumstances necessitating a deviation from normal protocol.
- D. At the hearing, the LLA will first hear evidence from the Police Chief (or his/her designee) and his/her agents and/or witnesses or from other complaining party, as

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may be appropriate. Then the licensee and/or the licensee's counsel will have an opportunity to present their response and evidence.

- E. After all testimony has been given, the LLA reserves the right to question all witnesses and parties and, if necessary, take under advisement all facts and vote either to render their decision, or continue the hearing to a subsequent meeting of the LLA.

**Disciplinary Remedies/General Approach:**

- A. In matter of a first offense, the LLA, or their designee, may issue a verbal warning or letter of reprimand to the owner, licensed manager or managing employee present. If the violation is deemed particularly egregious or a public safety issue, the LLA may consider whether a suspension, revocation or any other action, to include re-training, is warranted at that time, given the nature of the offense.
- B. In matter of a second offense in a period of sixty (60) months, the LLA may consider imposing a suspension of 1 to 3 days, which can be deferred for up to a period of twelve (12) months, provided that during the period of suspension of this penalty, which shall be from the date of said vote until the end of the suspension period, the licensee shall not have engaged in any other conduct prohibited by Chapter 138 or the regulations promulgated herein. In considering the type of violation and the fact this is deemed a second offense, the LLA may consider revocation or any other action, to include re-training, given the nature of the offense.
- C. In matter of a third violation within sixty (60) calendar months, the LLA may consider the issuance of a suspension for a period of 3 to 14 days, the suspension or any part thereof, may be deferred for a period up to twenty-four (24) months, provided that during the period of suspension of this penalty, which shall be from the date of said letter until the end of the suspension period, the licensee shall not have engaged in any other conduct prohibited by Chapter 138 or the regulations promulgated herein. In considering the type of violation and the fact this is deemed a third offense, the LLA may consider revocation or any other action, to include re-training, given the nature of the offense.
- D. Additional violations within the sixty (60) calendar month window will be dealt with in a progressive manner commensurate with the violation.
- E. Any failure to comply with the stipulations contained within the entire policy may be considered a violation by the LLA.

- F. When a violation has been deemed to have occurred, the licensee shall provide a written explanation to the LLA of how the violation occurred and a detailed plan as to corrective measures.
- G. If an establishment incurs a violation and then remains violation free for a period of 60 months, the next following violation may be considered as a First Offense.

**Other Causes for Revocation, Suspension & Modification/Inspections & Investigations:**

- A. All licensed premises shall be subject to inspection by the Police Department of the Town of Sudbury and other duly authorized representatives of the LLA.
- B. Failure or refusal of the licensee to furnish or disclose any information required by any provision of the General Laws or by any rule or regulation of the Alcoholic Beverages Control Commission or any rule or regulation of the LLA, may be considered by the LLA a violation of the rules and regulations of the LLA.
- C. Any person who hinders or delays a police officer or other authorized agent of the LLA in the performance of the agent's duties, who refuses to admit or locks out any such agent from any place which such agent is authorized to inspect, or who refuses to give a designated agent such information as may be required for the proper enforcement of the General Laws, Chapter 138, shall be punished by a fine of not less than fifty (\$50) and not more than two hundred dollars (\$200) or by imprisonment for not more than two (2) months or both.
- D. Failure to pay Town real estate and/or personal property taxes or State meals and/or sales taxes may be considered by the LLA to be in violation of the rules and regulations contained hereunder.

**Illegal Activity on the Licensed Premises:**

- A. Licensees shall make all reasonable and diligent efforts to ensure that illegal activities do not occur at the licenses premises. Such efforts may include, but are not limited to:
  - 1) Calling for police and medical assistance as necessary to protect patrons against injury, to evict unruly patrons, to uncover unlawful conduct, or to give medical assistance and providing police with requested information.
  - 2) Frequent monitoring of restrooms and other nonpublic areas of the premises for signs of drug activity or other illegalities.

- B. It is the affirmative responsibility of the Licensee to report any illegalities discovered on the premises.

**Renewals & Modifications:**

- A. The LLA reserves the right to obtain updated information about a renewal applicant/manager/owner at the time of renewal.
- B. Renewal or modifications of said licenses shall follow the separate fee schedule as established in the Selectmen's Policies and Procedures "Fee Schedule."

**Posting & Signs:**

- A. Licenses issued by the Board shall be posted in a conspicuous place easily seen by the public where they can be read without difficulty or assistance of employees.
- B. All other licenses, permits and certificates affecting the licensed premises shall be posted conspicuously; provided, however, that no such document shall be posted in such a way as to cover any part of the license issued by the Board.
- C. The posting or presentation of any photographs, signs, posters, drawings or other matter that is of an improper or objectionable nature in the public areas of the licensed premises is prohibited. The material presented must be suitable for view by members of the general public in the same manner as if it were located in other public areas such as public ways, public parks, government offices, or business offices.
- D. Failure to comply with any stipulations outlined in this section of the policy may be considered a violation.

**Entertainment at Premises:**

- A. No licensee may provide entertainment of any kind unless the licensee holds an entertainment license issued pursuant to the General Laws, Chapter 140, §183A.
- B. No entertainment at the licensed premises may be conducted in a manner such that the noise from the entertainment is creating a nuisance and can be heard beyond the boundaries of the premises.
- C. No dancing by patrons is permitted except upon proper licensing pursuant to General Laws, Chapter 140, §183A, and confined to a particular dance floor area which has been approved by the Local Licensing Authority and which is not inconsistent with the entertainment license requirements.

- D. No licensee may permit any electronic games to be on the premises unless such machines are properly licensed pursuant to General Law, Chapter 140, §177A.
- E. Licensees shall not permit any games to be played at the premises for money, alcoholic beverages, or for any other prize. Games may be played for money at certain fundraising activities which have been approved by the appropriate authority and for which the licensee holds other appropriate licenses.

**Hours of Operation:**

- A. The licensee and his/her employees may be upon the premises during the time the establishment is closed to the public only for the purpose of cleaning, making emergency repairs, providing security for the premises, or preparing food for the day's/next day's business or for opening/closing the business in an orderly manner.
- B. No alcoholic beverages shall be served except during those hours delineated on the license approved by the LLA, which establishes the outer parameters during which alcoholic beverages may be served.
- C. Not less than fifteen (15) minutes prior to the closing hour of the premises, the licensee or his employees shall advise all patrons of the time remaining to closing.
- D. At a time no later than the time designated as the closing hour on the Liquor License, all glasses, bottles and unconsumed drinks will be surrendered by patrons.
- E. Patrons shall not be allowed on the premises for more than fifteen (15) minutes beyond the closing time.
- F. Licensees shall ensure that their patrons leave the premises in an orderly manner. Licensees who have a clientele that regularly fails to leave the area in a quiet and orderly manner shall hire security personnel to supervise the leave-taking of the patrons at closing time.
- G. No patron shall be allowed to enter the premises during the time the establishment is required to be closed.
- H. The LLA, or its agents, may enter the premises during the hours it is open to the public and at such other times as any persons are upon the premises, for the purpose of inspecting the premises and enforcing these rules and regulations.

**Code - Fire/Health/Capacity:**

- A. No license shall be issued or shall be considered in good standing unless the licensed premises complies with all statutory requirements, including all applicable building codes, and fire, health, safety, trash and other government regulations and laws.
- B. All premises covered by the license shall be kept in a clean and sanitary condition.
- C. No outside area shall be used as a gathering place for patrons unless approved by the LLA and the ABCC, if alcohol is consumed.
- D. All public areas in licensed premises shall be lighted in a manner sufficient for the safety of the patrons and in a manner sufficient for the agents of the LLA to make observations at the premises without the need to identify themselves or seek assistance.

**Service of Suspension Orders:**

- A. When the Local Licensing Authority suspends the license or licenses of any licensee, it shall provide the licensee with an order of suspension for public display that must contain the words, "Closed per order of the Licensing Board for the Town of Sudbury." Such an order shall be publicly displayed by the licensee in the following manner. The order shall be readily seen from the street by being affixed to the door of the entrance to the premises or a window facing the street upon which the door opens.
- B. Depending on the severity of the violation, the LLA may vote to implement the suspension in two ways:
  - 1. The licensee may be allowed to remain open for service of food only and must comply with the other stipulations delineated for suspension of their license.
  - 2. The licensee will be required to close in their entirety, not being allowed to continue with the sale of food and must comply with the other stipulations delineated for suspension of their license.
- C. Suspension orders of the LLA shall remain affixed throughout the entire period of suspension. The removal, covering, defacement, obliteration of the order of suspension, or the failure to maintain the order of suspension in the manner and place required prior to the expiration of the suspension period shall be deemed the act of the licensee and shall be cause for further suspension, modification or revocation of the license.

- D. Suspension periods may not be used as a time to make renovations at the licensed premises unless such renovations have previously been approved by the appropriate governing Board.
- E. No members of the public may be on the premises at any time during suspension periods, with the exception that restaurants may be able to continue to service patrons without serving alcohol with the approval of the Local Licensing Authority.

**Other Business Responsibilities:**

- A. Licensees shall immediately notify the Local Licensing Authority of any proceedings brought against them (or by them) under the Bankruptcy Act, or of any other proceedings, in court or otherwise, which may affect the status of the license.
- B. The licensee is responsible for ensuring that all employees who work in the public areas of the premises read the Rules and Regulations of the LLA and ABCC, and comply with all rules and laws.
- C. There shall be no alcoholic beverages brought onto or transported from the premises of a licensed establishment except for deliveries for the operation of the business as controlled by the laws, rules and regulations of the Commonwealth of Massachusetts, or regulations of the Town of Sudbury or as allowed for under 204 CMR 2.18 Resealing of Partially Consumed Bottles of Wine.

**Employee Training:**

- A. Any licensee holding an All Alcoholic, or Beer and Wine License shall participate in a program designed to train employees who engage in either package sales or pouring in methods of observation and detection to avoid selling or serving to intoxicated persons and/or minors. This program will be based on the type of license issued.
- B. Listed below are programs currently available which meet the requirements of this policy:
  - 1) Techniques of Alcohol Management (T.A.M.), sponsored by the Mass. Package Store Association;
  - 2) Training for Intervention Procedures by Servers of Alcohol (TIPS), offered by Health Communications, and Alcohol Intervention Methods (AIM) Campbell/Trent;
  - 3) ServSave – recommended by the National Restaurant Association;

- 4) Any Insurance Industry approved and qualified program offered by a certified trainer and previously approved by the Board of Selectmen.
- C. All personnel shall be required to participate in a training program based on the type of license issued. Establishments shall comply with this policy by having all of its eligible employees trained and certified.
- D. All establishments must maintain a roster or certificate of trained personnel in an accessible place during operating hours. An updated roster shall be submitted with the annual application for renewal of the license. The roster shall include:
  - 1. Employee name
  - 2. Employee date of birth
  - 3. Employee social security number
  - 4. Type of training (license)
  - 5. Date valid
  - 6. Date of expiration
  - 7. Date of hire

All personnel shall be required to be re-certified once every three (3) years by an approved program, as noted above.

- E. Failure to comply with this policy may result in suspension or revocation of the license. Fines may also be levied against the license holder should any violation of this policy occur.

**Food Service:**

A. Coinciding with the service of alcoholic beverages, licensees must serve food. Following the close of the full menu, licensees must provide, at a minimum, five (5) assorted items up until thirty (30) minutes before closing. The proposed assorted items will be submitted to the LLA for approval upon request for the original license or renewal. The LLA will approve said items with the understanding that chips, pretzels, popcorn or similar snacks will not suffice.

B. Any deviation from the approved limited menu must be submitted to the LLA for approval.  
Last updated 2013

**3.1 Sale of Kegs**

1. A deposit of \$50.00 is required when furnishing a keg of any size to any customer.
2. Before delivery to the customer, an appropriate, numbered band in a form approved by the Police Department must be placed on the handle of the keg.
3. Require positive identification and log the customer's name, address, date of birth and band number in a journal. The journal shall be available at all times for inspection by the Board of Selectmen and any Sudbury police officer.
4. Upon return of the keg, make a notation in the journal indicating whether it was returned with a band and the band number.
5. Inform all keg customers that, if the keg is returned WITHOUT the same numbered band intact, the \$50.00 deposit is forfeited.

(Approved 9/10/1990, Updated 7/1/1998)

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4- Fee Schedules

The Board of Selectmen is responsible for setting the fees for the issuance of certain permits, licenses and certificates. In doing so, the Board has the following objective: to set the amount of the fee so as to recover a reasonable approximation of the costs to the Town in processing the requested item. Further, the Selectmen require that staff annually review these fees and make recommendations to the Board before December 31 of each year if they believe an increase or decrease is warranted.

NOTE: The Town accepted Mass. General Laws Chapter 40, Section 22F in 1992, which allows statutory fee limits to be exceeded for the following permits with the exception of Alcoholic Beverages licenses, and state regulation of Alcoholic Beverages license fees have since been removed.

LICENSES	FEE ALLOWED BY COMMENTS	STATUTE	FEE CHARGED BY TOWN
Alcoholic Beverages:*			
Package Goods Store AA	Locally fixed		\$2,250
Package Goods Store WM	Locally fixed		1,500
Restaurant/Innholder AA	Locally fixed		3,500
Restaurant/Innholder WM	Locally fixed		1,500
Liqueurs	Locally fixed	300	
Club AA	Locally fixed	500	Veterans Post
Club WM	Locally fixed	200	
One-day AA	Locally fixed	35	
One-day WM	Locally fixed	25/day	
Auctioneer, resident		\$50/annual	
Must be resident for 6 mos. preceding appl., set by Permit Agent			
Auctioneer, non-resident		\$25/day	Fee set by Permit Agent
Automatic Amusement Devices*	\$20/machine, unless set by Town Meeting	\$20/machine	Prorated
Billiards*	\$2/minimum no maximum	\$25 + \$25 per table	Fee set by Selectmen collected by Clerk
Bowling*	\$2/minimum per alley	\$25 + \$25	Fee set by Selectmen collected by Clerk
Common Victualer*	\$25/maximum, unless set by Town Meeting	\$50	

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Entertainment -Wkday. \$100/maximum\$50 For live music, dancing,  
radio, TV, etc.

Entertainment - Sunday \$400/maximum\$250 For live music, dancing,  
\$20/single event \$20/single radio, TV, etc. #  
# Note: a Sunday Entertainment license for radio or TV is not necessary for  
an innholder, tavern or common victualler licensee having an alcoholic pouring license.

(STATE annual Sunday Entertainment fee \$ 85/100 - payable to Dept. of Public Safety)

LICENSES	FEE ALLOWED BY STATUTE	BY TOWN	FEE CHARGED	COMMENTS
Hawkers & Peddlers	(G.L.c.101,s.17		\$50	
	& 22 max. \$52)			
Inflammable Storage*	(G.L.c.148, s.13		\$100	
	& Bylaw V.s.25)			
Motor Vehicle:*				
Class I	\$100/maximum\$50			Mfg. Agent/used cars
Class II	\$100/maximum\$50			Dealer/used cars
Class III	\$100/maximum\$50			Dealer/junk cars
Outdoor Amusement - Wkdy.	\$100/maximum\$50			
Outdoor Amusement - Sun.	\$400/maximum\$250			
	\$20/single event			20/single
Taxi Drivers	\$20/operator			issued by Police Department
Taxi/Limo Operation*	(G.L.c.40,s.22)		\$50	
Transient Vendor	Tax Goods or fix fee		\$50	

## 5. Regulations for Temporary Business or Industrial Trailers

The temporary business or industrial use of trailers for storage or office purposes under Section 2324 of the Sudbury Zoning Bylaw shall conform to the following requirements:

1. No trailer shall be put in place prior to the filing and approval of a request as follows:
  - a. Where the temporary use shall be for three months or less, the applicant shall file a request with the Building Inspector stating the name and address of the owner and lessee of the premises, the name of the company and a responsible official, the number, size and purpose of the proposed trailer(s), and the name and address of the owner/lessor of the trailer(s). A plan of the premises conforming to paragraph 5(b) shall also be filed. The Building Inspector may consider and approve the same with or without conditions or modifications, and shall notify the Selectmen's Office of such approval, or may, if he deems it appropriate in any case, refer the matter to the Board of Selectmen, stating his reasons for referral, and it shall then be handled under paragraph 1(b).
  - b. Where the temporary use shall exceed three months, the applicant shall file the request and plan described above with the Board of Selectmen who shall consider and approve the same at a regular meeting, with or without conditions or modifications. Such approval shall not authorize such use for a period exceeding twelve months.
2. The Building Inspector or Board of Selectmen shall consider the following factors in reviewing a request under these Regulations:
  - a. Whether the proposed placement is upon or obstructs access to parking areas, roadways, fire lanes, or building entrances/exits.
  - b. Where the proposed placement is visible from a public street, way or place, whether such placement is appropriate considering the intended use, or detrimental to the neighborhood.
  - c. Whether the proposed placement obstructs visibility affecting traffic flow or other safety considerations.
  - d. Whether the proposed time period, number or size of the trailers is reasonable in light of the intended use of the trailers.
  - e. Any other factor relating to the placement or use of the trailers which may affect the surrounding neighborhood or health or safety considerations.
3. The trailer(s) shall be removed from the premises prior to the expiration of the permitted time period unless an extension has been requested and received from the Board of Selectmen.

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4. Request for an extension of time to permit the continued use or placement of trailer(s) shall be directed to the Board of Selectmen. Such request shall state the reasons for an extension and the additional time period desired.
5. A. A filing fee of \$50 is required under this procedure.  
B. The plan submitted under this procedure shall be clear and legible, and drawn to an appropriate scale so as to show all buildings, parking areas, setback distances, dimensions, roadways and the proposed location of the trailer(s) on the premises. It need not be reproducible or professionally prepared.  
C. The Selectmen may waive any one or more of the provisions of these regulations if, in their opinion, the application of the regulation would create a hardship or is not reasonable in the circumstances.

(Adopted 7/23/1983)

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## 6. LICENSING OF OUTDOOR AMUSEMENTS POLICY

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In accordance with Chapter 140, Section 181 of the General Laws, it is required that any outdoor theatrical exhibition, public show, public amusement or exhibition, to be held in the Town of Sudbury obtain a license from the Board of Selectmen for such show or amusement, and that such show or amusement cannot be held in a residential area. Application for a license must be filed with the Board of Selectmen at least thirty days before the event and must indicate the name of the owner and the name and address of the firm involved, the sponsor, if any, the nature and extent of the show or amusement, the days and hours, amount of admission charge, and the exact location within the Town where the show or amusement is to be held.

It is the policy of the Board of Selectmen that, after May 1, 1971, no permit under the jurisdiction of the Selectmen shall be issued for the operation of a carnival or circus in the Town of Sudbury.

If food service is planned, notice shall be sent to the Board of Health allowing no less than two (2) weeks, prior to opening to the public, for inspection and issuance of a food service permit required by that Board.

(Adopted as amended 4/29/71, 5/10/76)

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## 7. FLAG CODE

All orders for the raising or lowering of the flag shall issue from the Board of Selectmen.

The flag may be lowered to half mast on notification of the death of any past or present Town official as a mark of respect to the memory of such official. The flag shall remain at half mast until after the funeral services.

In time of war, the flag shall be flown from the time of opening to the time of closing of public buildings, in accordance with such orders that are issued by the proper authority.

In time of peace, the flag shall be flown from the time of opening to the time of closing of public buildings, but not before sunrise or after sunset unless ordered by the proper authority and properly illuminated.

Unless so ordered, the flag shall not be flown in inclement weather.

On Memorial Day, the flag shall be flown at half mast at the Town Hall, and at such other public buildings that are open, from sunrise to noon (12:00 p.m.) and at full mast until sunset.

Upon notification from the Selectmen's office, the flags on all public buildings are to be flown at half mast from the time of arrival, in Sudbury, of the body of a deceased veteran brought back from overseas, until after the funeral services.

The flag shall be flown at half mast on such occasions of local, state or national significance as may from time to time be determined by the Board of Selectmen or the Town Manager upon receipt of a specific request and/or recommendation from a Board, Committee, Commission, the Veterans Graves Officer, or from a duly authorized representative(s).

Flag laws and regulations shall be adhered to wherever appropriate, as adopted by the United States Congress.

(Adopted 7/23/79, 8/23/99)

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## 8. TRAFFIC CONTROL SIGNS POLICY

1. The Chief of Police is responsible for all matters relating to traffic control signs.
2. All requests for such signs will be submitted to the Chief of Police.
3. The Police Chief shall obtain approval from the Board of Selectmen as required when signs involve amendment to the Town of Sudbury Traffic Rules and Orders.
4. The Board of Selectmen shall solicit approval from the Massachusetts Highway Department for such signage and traffic regulations, as required by that agency.
5. The Town Clerk shall maintain the official record of the Town of Sudbury Traffic Rules and Orders. Amendments thereto shall be advertised in a newspaper with local circulation prior to their enforcement.
6. The Chief of Police will request such signs from the Department of Public Works.
7. The Department of Public Works shall erect and maintain such signs that the Chief of Police may request.

(Adopted 9/30/65, amended 5/10/76, 8/23/99)

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## 9. POLICY FOR USE OF FACILITIES

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### 1. Town Hall

#### a. General Meetings or Events

(1) Facilities may be used without rental fee, provided there is no charge to the public either by admission fee or sales, by:

- (a) Town, State or Federal departments.
- (b) Non-profit organizations whose functions are charitable, civic, or patriotic.
- (c) Community service groups, such as Scouts, youth recreational groups, etc.

(2) Facilities may be used with rental fee by:

- (a) Any organization charging admission or conducting sales.

(3) Rental fee Schedule – per date (each day):

Lower Town Hall                      \$40

- (4) No use will be allowed if for private or personal financial gain.
- (5) Reservations for all uses are subject to change on twenty-four (24) hour notice if a required official Town function conflicts, or upon orders of the Board of Selectmen.
- (6) All reservations, including requirements for use of chairs, etc., will be made by the Town Manager. The group reserving the Hall will inform the Town Manager, at least twenty-four (24) hours in advance of all requirements for chairs, restrooms, or similar facilities. Custodial fees will be charged as necessary [see (7) below].
- (7) Custodial charges will be made if it is determined by the Town Manager that an event requires custodial services and/or supervision. Such fees shall be determined by the Town Manager.
- (8) During cold weather, users may be subject to a heating fee, to be determined by the Town Manager.
- (9) The person signing Rental Application and Agreement is responsible for:
  - (a) Restoring order and cleanliness of hall, including placement of all debris or waste materials in appropriate receptacles



Remove all decorations, put away chairs and tables user has put out, sweep area used, clean up any soda spills, etc., check bathrooms for cleanliness

- (b) Putting lights out when leaving
- (c) Locking door when leaving
- (d) Closing all windows when leaving
- (e) Turning heat down to 55 degrees when leaving (if not on automatic setback)
- (f) Lowering fire curtain on stage (if upper floor is utilized)
- (g) Returning key the following day

Note: Any clean-up not done by user will be charged to user, as verified by the Supervisor of Town Buildings.

(10) In case of an emergency, user is to notify the Fire Captain on duty at Central Fire Headquarters located on Hudson Road.

(11) Refreshments may be served in the Lower Town Hall, but not in the Upper Town Hall.

b. Stage Productions (Upper Town Hall)

(1) Regular productions with audience charge:

Rehearsals, tryouts	\$10.00 per date
Production dates	\$50.00 per date
(No charge for matinee if there is an evening performance.)	
Lower Town Hall	\$25
Police Paid Detail	Per collective bargaining agreement or contract.

(2) Workshop productions with token audience:

Rehearsals	\$10.00 per date
Production dates	\$25.00 per date
Lower Town Hall	\$10.00 per date
Police Paid Detail	Per collective bargaining agreement or contract.

(3) Workshop productions with no audience charge and limited public \$20.00 per date

(4) Dressing rooms shall be available for use for rehearsals and productions, and shall be cleaned by the user to the satisfaction of the Supervisor of Town Buildings following each rehearsal or production.

(5) All restrooms, dressing rooms and other facilities associated with the stage shall be available for use for dress rehearsals and productions, but must be cleaned after each use by the user to the satisfaction of the Supervisor of Town Buildings.

(6) All construction or other materials associated with stage productions shall be stored, at the conclusion of any work session, rehearsal or production, in such manner that the facility shall be available for other uses, except that sets and similar equipment installed for purposes of a production may be retained in place on stage throughout the course of the performance. Any construction work that can be done outside the premises should be. Construction and materials to be used must be approved by the Supervisor of Town Buildings.

(7) Any group utilizing the Town Hall for stage productions shall assign an individual, for each work session, rehearsal or production, who shall be responsible for compliance with procedure O.a.(9) above; the name of said responsible individual shall be given to the Town Manager's Office and the Building Department.

(8) Any group utilizing the Town Hall for stage productions shall notify the Town Manager at least twenty-four (24) hours in advance, of any changes in work session, rehearsal or production dates.

(Amended 9/20/76, 10/14/80, 7/10/89, 3/11/91, 8/23/99)

~~40~~ ~~SELECTMEN'S POLICIES AND PROCEDURES~~  
**FEE SCHEDULE**

The Board of Selectmen is responsible for setting the fees for the issuance of certain permits, licenses and certificates. In doing so, the Board has the following objective: to set the amount of the fee so as to recover a reasonable approximation of the costs to the Town in processing the requested item. Further, the Selectmen require that staff annually review these fees and make recommendations to the Board before December 31 of each year if they believe an increase or decrease is warranted.

NOTE: The Town accepted Mass. General Laws Chapter 40, Section 22F in 1992, which allows statutory fee limits to be exceeded for the following permits with the exception of Alcoholic Beverages licenses, and state regulation of Alcoholic Beverages license fees have since been removed.

<u>LICENSES</u>	<u>FEE ALLOWED BY</u>	<u>FEE CHARGED</u>	<u>COMMENTS</u>
<u>STATUTE</u>	<u>BY TOWN</u>		
<u>Alcoholic Beverages:</u> *			
Package Goods Store AA	Locally fixed	\$2,250	
Package Goods Store WM	Locally fixed	1,500	
Restaurant/Innholder AA	Locally fixed	3,500	
Restaurant/Innholder WM	Locally fixed	1,500	
Liqueurs	Locally fixed	300	
Club AA	Locally fixed	500	Veterans Post
Club WM	Locally fixed	200	
One-day AA	Locally fixed	35	
One-day WM	Locally fixed	25/day	
Auctioneer, resident		\$50/annual preceding appl., set by Permit Agent	Must be resident for 6 mos.
Auctioneer, non-resident		\$25/day	Fee set by Permit Agent
Automatic Amusement Devices*	\$20/machine, unless set by Town Meeting	\$20/machine	Prorated
Billiards*	\$2/minimum no maximum per table	\$25 + \$25	Fee set by Selectmen collected by Clerk
Bowling*	\$2/minimum per alley	\$25 + \$25	Fee set by Selectmen collected by Clerk

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Common Victualler\* \$25/maximum, \$50  
 unless set by Town Meeting

Entertainment -Wkday. \$100/maximum\$50 For live music, dancing,  
 radio, TV, etc.

Entertainment - Sunday \$400/maximum\$250 For live music, dancing,  
 \$20/single event \$20/single radio, TV, etc. #  
 # Note: a Sunday Entertainment license for radio or TV is not necessary for  
 an innholder, tavern or common victualler licensee having an alcoholic pouring license.

(STATE annual Sunday Entertainment fee \$ 85/100 - payable to Dept. of Public Safety)

**LICENSES   FEE ALLOWED BY   FEE CHARGED   COMMENTS**  
**STATUTE   BY TOWN**

Hawkers & Peddlers (G.L.c.101,s.17 \$50  
 & 22 max. \$52)

Inflammable Storage\* (G.L.c.148, s.13 \$100  
 & Bylaw V.s.25)

Motor Vehicle:\*

Class I \$100/maximum\$50 Mfg. Agent/used cars  
 Class II \$100/maximum\$50 Dealer/used cars  
 Class III \$100/maximum\$50 Dealer/junk cars

Outdoor Amusement - Wkdy. \$100/maximum\$50

Outdoor Amusement - Sun. \$400/maximum\$250  
 \$20/single event 20/single

Taxi Drivers \$20/operator issued by Police Department

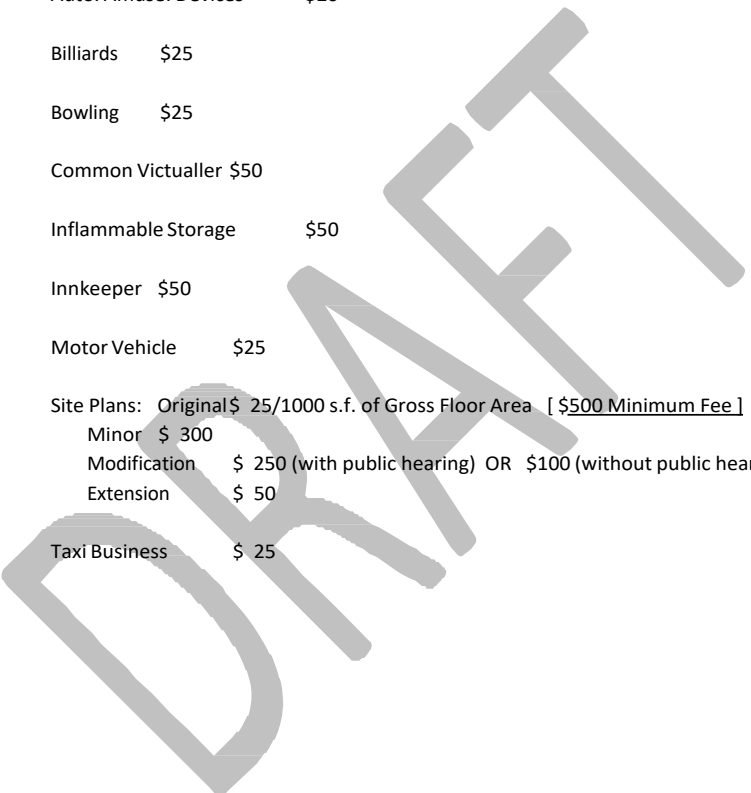
Taxi/Limo Operation\* (G.L.c.40,s.22) \$50

Transient Vendor Tax Goods or fix fee \$50

\* See below for application fees

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<u>APPLICATIONS</u>	<u>FEE CHARGED BY TOWN</u>	<u>COMMENTS</u>
Alcoholic Beverages Licenses	\$150/new applications, transfers, changes in premises. \$ 75/revision (mgr. chg., etc.) \$ 25/renewal	For processing notice to abutters, advertising, mailing costs, etc.
Auto. Amuse. Devices	\$20	
Billiards	\$25	
Bowling	\$25	
Common Victualler	\$50	
Inflammable Storage	\$50	
Innkeeper	\$50	
Motor Vehicle	\$25	
Site Plans: Original	\$ 25/1000 s.f. of Gross Floor Area [ <u>\$500 Minimum Fee</u> ]	
Minor	\$ 300	
Modification	\$ 250 (with public hearing) OR \$100 (without public hearing)	
Extension	\$ 50	
Taxi Business	\$ 25	



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## **Section 4 Operational**

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### **+** Transfer Station

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These rules and regulations govern the recycling and disposal of refuse at the Transfer Station area operated by the Town of Sudbury.

The Transfer Station is operated by the Board of Selectmen under the regulations established by it and the Board of Health and is intended to serve the residents of the Town of Sudbury only.

#### I. **DEFINITIONS** (As used in these Rules and Regulations)

- A. **Solid Waste:** Any unwanted or discarded solid material.
- B. **Refuse:** Putrescible or nonputrescible solid waste materials, consisting of combustible and non-combustible solid wastes including garbage and rubbish, but excluding sewage, construction and demolition wastes.
- C. **Recyclable:** Any waste material which may be processed or treated to be used again for which the Town of Sudbury provides recycling services.
- D. **Compost:** A mixture of decaying leaves and other nutritive matter which may be used to improve and fertilize soil.
- E. **Hazardous Waste:** A waste, which because of its quantity, concentration, or physical, chemical or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness or pose a substantial present or potential hazard to human health, safety or welfare or to the environment when improperly treated, stored, transported, used or disposed of, or otherwise managed.
- F. **Special Waste:** Any waste material which can be accepted for disposal or recycling at the Transfer Station but requires special pre-approval because of unusual disposal problems or because it requires special handling, including but not limited to residential demolition and construction debris, and sewage.

#### II. **OPERATION**

- A. In general, the operation of the Transfer Station will be in accordance with the "Rules and Regulations for the Recycling and Disposal of Solid Wastes at the Transfer Station" as established hereunder.
- B. Only waste materials originating in the Town of Sudbury shall be placed at the Transfer Station site, and such placement shall be in accordance with the regulations and directions for recycling and disposal of designated materials in designated areas.

C. The operation and supervision of the Transfer Station is under the direction of the Director of Public Works. The Board of Selectmen shall have the exclusive right to assess and collect reasonable fees for the issuance of permits, tickets, tokens, or licenses for use of the facility.

D. The owner, operator, or other person in charge of a vehicle transporting refuse to be deposited in the Transfer Station, as a condition of such use, shall present evidence and/or answer any reasonable questions concerning the place of origin of that material as the person in charge of the Transfer Station may request.

Failure to comply with these regulations or to furnish credible evidence when requested shall be sufficient cause for the Board of Selectmen or its authorized representative to revoke, suspend, or modify a license or permit for the use of the Transfer Station and/or enforce other authorized penalties as provided by these regulations.

E. The hours of operation shall be established for the convenience of the general public. Use of the facilities, except during designated hours of operation, is strictly prohibited. For current hours of operation, see Appendix A.

### III. **PERMITS & FEES**

#### A. **Residents**

1. A permit for residential refuse shall be issued at a cost of \$170.00 for one year. The charge for a second vehicle is \$20. The permit shall consist of decal to be affixed to the lower left (driver's side) corner of the windshield.

2. All vehicles (except town-owned equipment) using the Transfer Station for disposal of refuse not requiring a special permit (Section V) nor prohibited (Section VI) shall have a permit. Residents bringing recyclables shall be required to have a permit. However, certain recyclables may only be deposited upon payment of the fee set forth in Appendix B.

3. Residential permits are issued at the Highway Department offices, 275 Old Lancaster Road, during normal business hours (Monday - Friday, 8:00 a.m. to 3:30 p.m.), or at other locations and times as determined by the Selectmen.

4. Residential permits shall be issued to Sudbury residents only. To be eligible for a permit decal, applicants must prove by appropriate documentation that they are residents of the Town and that the vehicles they want to use for delivery or refuse are registered under their name or the name of a member of their immediate household.

5. The Transfer Station will only accept the Pay-As-You-Throw disposal bags. A five pack of 15-gallon bags costs \$6.00 ; a five pack of 30-gallon bag costs \$12.00. The bags must be purchased in packages of five and are available at the following retail stores:

Brooks Pharmacy (423 Boston Post Rd.)

CVS Pharmacy (501 Boston Post Rd.)

Shaw's (509 Boston Post Rd.)



Sudbury Farms (439 Boston Post Rd.)

Sudbury Lumber (28 Union Ave.)

Town Line Hardware (84 Boston Post Rd.)

6. Residents who want to use their company's vehicle for delivery of their household's refuse must prove by appropriate documentation that they are residents of the Town and that the vehicle is principally garaged in the Town.

7. If additional vehicles are to be provided with decals, the necessary application card may be obtained at the Highway Department offices. A separate application shall be required for each vehicle. Each additional decal shall be issued at a cost of \$20.00 per year.

8. If the decal is lost or damaged, a new decal may be obtained at the Highway Department offices. The original permanent record of the decal will be updated with the new decal number.

9. The decal must be removed upon sale of the vehicle. The buyer, provided he/she is a Sudbury resident, may apply for a new identification decal for the vehicle.

**B. Fee Waiver**

A waiver will be granted, upon request and the completion of a form for such purpose, of 50 percent of the Transfer Station fee for those individuals 65 years of age or older who demonstrate hardship, for those persons living in subsidized housing, and for those other persons with demonstrated hardship situations.

**C. Business**

Commercial disposal of solid waste and disposal of solid waste by local businesses is prohibited at the Transfer Station.

**D. Town Business and Vehicles**

1. Contractors employed by the Town, when operating on Town business, will be required to obtain permits, but no fee will be charged.

2. Town departments, operating Town-owned Equipment, may use the Transfer Station without permit or charge.

**E. Special Permits**

A special permit is required for all residents depositing special wastes at the Transfer Station. Special permits are issued at the Transfer Station during normal business hours. A special permit shall consist of a slip for each load and shall be surrendered to the Transfer Station operator at the time of depositing the waste material. Permits for multiple loads may be obtained in advance at the discretion of the Transfer Station Agent. For current Schedule of Fees, see Appendix B.

IV. **UTILIZATION**

A. All recyclable materials shall be placed in accordance with the regulations and directions for recycling of designated materials in the designated areas.

B. Refuse not recyclable, compostable, or requiring special permit shall be deposited in the appropriate designated area or as directed by the Transfer Station operator. Such refuse shall be free from other materials not allowed in the designated area. Refuse shall be bagged and tied securely so that items in the bag are not blown around.

C. Scavenging is prohibited. The Board of Selectmen or its authorized representative may designate items available to the public such as mulching materials, wood chips, or "put & take" and the areas where they are available.

V. **MATERIALS REQUIRING SPECIAL HANDLING OR PERMITS**

A. Materials from the remodeling or repair of an occupied residence or the construction of an addition thereto or the repair or construction of a garage or outbuilding on such premises may be disposed of by either residents or commercial haulers providing a special permit is obtained.

B. Disposal of wood (other than stumps, brush and cut logs which are prohibited, and other than wood which is fabricated into a product) requires a special permit and is further subject to the following:

1. Milled lumber shall be free of pieces of metal, refuse, or other foreign matter and shall be placed in the designated area. All lumber shall be cut into a maximum length of thirty-six (36") inches.

C. Tires from resident vehicles and refrigerators from residents may be disposed of in accordance with the provisions of Section III.A.1. and Appendix B.

D. Materials, which cannot be contained within a 35-gallon container or bagged in plastic, for example, metal lawn or wooden furniture, bedsprings and mattresses require a special permit.

E. Other materials or substances may be designated as requiring a special permit by the Board of Selectmen or its authorized representative if the placement of such materials or substances in the Transfer Station requires special handling.

VI. **MATERIALS PROHIBITED AS REFUSE**

The Transfer Station operator shall reject and prohibit the placement of materials, which are considered to be detrimental to the operation of the Transfer Station and materials and items that are listed on the recycle chart or fee schedule. Materials prohibited as refuse shall include, but are not limited to, the following:

- A. Any substance or object likely to damage, injure, destroy or obstruct the usefulness or operation of the Transfer Station.
  - B. Any substance which may attack, damage, or alter by any means the equipment, employees, or citizens engaged in the use and operation of the Transfer Station.
  - C. Wood – Treated and untreated wood including wood waste.\*
  - D. Yard Waste – Deciduous and coniferous, seasonal clean ups (e.g. leaves, grass clippings, weeds, hedge clippings, garden material and brush.)\*
  - E. Any quantities of gasoline, kerosene, alcohol, oil, tar, flammable or explosive gas or vapor or any material or substance which may generate or form a flammable, explosive, or combustible substance, fluid, gas, vapor or mixture.\*
  - F. Any substance at a temperature above 100°F, or its burning point, or substance which, upon coming into contact with water, refuse or air will generate steam, vapor, fire, smoke, or toxic fumes.
  - G. Poisons, cyanides, asbestos, or any other substance likely to generate poisonous substances that may interfere with, constitute a hazard to, or be dangerous to human beings, wildlife, or domestic animals.
  - H. Containers filled with hazardous liquids.
  - I. Any waste containing animal tissues, entrails, offal, blood or other types of pathological wastes, including formaldehyde.
  - J. Any substance containing, or labeled as containing, radioactive wastes or explosive material.
  - K. Any refuse likely to cause damage, injury, or loss to other persons or to the property of other persons who are lawfully entitled to use the Transfer Station for the discarding or recycling of their refuse, or to any person or equipment engaged in the treatment and disposal of such refuse for the Town of Sudbury.
  - L. Any substance or material defined as hazardous waste. (From time to time the Town will accept certain hazardous waste material from Sudbury residents at a designated place in Town during designated "Hazardous Waste Collection Days.")
  - M. Refuse or materials from the following:
    - 1. The development of a building lot or the construction of any building or addition to any building thereon (exception: see Section V, A).
    - 2. The development of a subdivision.
    - 3. The construction, reconstruction, remodeling, repair, demolition or development of a business, industrial or commercial property.
-

- N. Commercial quantities of pharmaceutical or medical wastes.
- O. Tree stumps, cut or chipped logs or brush, leaves and all yard waste from commercial or residential sources.\*
- P. Asphalt, pavement, brick and concrete.\*
- Q. Fluorescent lighting fixtures and appliances, including, but not limited to, washing machines, dryers, stoves, dishwashers, freezers, refrigerators, hot water heaters, microwave ovens, wall ovens, air conditioners and cathode ray tubes (CRTs).\*
- R. Metal – Ferrous and nonferrous.\*
- S. Lead batteries.\*
- T. Corrugated paper or cardboard and paperboard products.\*
- U. Automobile and truck tires.\*
- V. Glass bottles and jars.\*
- W. Post consumer recyclable aluminum, metal and glass containers.\*
- X. Tires.\*
- Y. Single polymer plastics and recyclable paper.\*

\*NOTE: Certain materials which are prohibited in this section from deposit as refuse may be collected in the Recycling or other areas at the Transfer Station. Please refer to the attached Recycling Chart and Fee Schedule

VII. **PENALTIES**

A. **Revocation of Permits**

The Board of Selectmen or its authorized representative may at any time cancel, suspend, revoke or modify permits or privileges issued hereunder for cause. The suspension, revocation or modification of an existing permit or privilege shall not entitle the person holding such a permit to a refund of all or a portion of the fee collected, if any, for the issuance of such permit or privilege.

B. **Violation of Regulations**

The following schedule shall apply to violation of the rules and regulations governing the commercial use of the Transfer Station:

1st Violation    Written warning from the Transfer Station Operator plus a disposal cost of twice the regular fee.

2nd Violation Suspension of use of the Transfer Station for one month plus a disposal cost of twice the regular fee, but in no case less than \$100 over the regular fee.

The penalty for violations committed subsequent to the 2nd violation shall be determined by the Board of Selectmen on a case-by-case basis.

C. **Right to Hearing**

Any person accused of violating these rules and regulations shall be notified of the alleged violation in writing via certified mail, return receipt requested, which shall set forth a date and time at which a hearing will be held before the Board of Selectmen or its designee in order to afford the person an opportunity to be heard in regard to the alleged violation, with or without counsel, as the person shall choose.

VIII. **SEVERABILITY**

If any provision of these rules and regulations is, for any reason, declared to be unconstitutional or otherwise invalid, such unconstitutionality or invalidity shall not affect the validity of the remaining portions or sections of these rules and regulations.

These Rules and Regulations for the Recycling and Disposal of Solid Wastes at the Transfer Station will replace all prior rules and regulations and will become effective as of April 1, 2006.

Rev. 8/1/88

Rev. 10/17/88

Rev. 1/23/89, as amended 1/30/89

Rev. 5/1/89

Rev. 5/8/89

Rev. 4/23/90, fees effective 7/1/90

Rev. 12/3/90

Rev. 5/6/91, fees effective 7/1/91

Rev. 11/25/91, effective 1/1/92

Rev. 5/26/92, fees effective 7/1/92

Rev. 8/31/92, effective 12/31/92

Rev. 4/14/93, refrigerator fee effective 5/13/93

Rev. 2/8/93 & 3/31/93, fees effective 7/1/93

Rev. 11/7/94, effective 12/31/94

Rev. 12/20/99; effective 1/01/00

Rev. 8/13/03; effective 7/1/03

Rev. 3/16/06; effective 4/1/06

**APPENDIX A**

**HOURS OF TRANSFER STATION OPERATION**

OPEN

Tuesday, Thursday and Saturday 8:00 a.m. to 3:00 p.m.

CLOSED

Sunday, Monday, Wednesday, Friday

**TRANSFER STATION SPECIAL PERMIT SCHEDULE**

Fee 1/2 Cu. Yd.: \$16.00

1 Cu. Yd. \$32.00

**FEEES FOR RECYCLABLE MATERIALS FROM RESIDENTS**

<u>Fee for Each</u>	
Air conditioners	\$20.00
Carpeting (approx. 9x12)	32.00
Computer Monitors	20.00
Couch (upholstered furniture)	16.00 to 32.00
Gas grills	5.00
Lawnmower	5.00
Mattresses	
Twin, double, queen & king	16.00
Twin mattress & box spring	16.00
Double, queen & king (mattress & box)	32.00
Paint — Waterbase	4.00 per gal.
Refrigerators	\$20.00
Ceramic	16.00
Stoves/Ovens	5.00

Television sets 20.00

Tires from Vehicles

Automobile 2.00

Truck 10.00

(All tires must be off the rim.)

Toilets 16.00

Washing machines/dryers 5.00

Water heaters 5.00

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## **Section 5. General**

### 2. CITATIONS AND PROCLAMATIONS

a) Citations - Any member of the Board of Selectmen shall have a citation issued as a congratulatory message to any person or business in Sudbury upon request to the support staff. Citations will be signed by the member requesting the citation or by the Chairman upon request of the member.

b) Proclamations may be made on behalf of the Town of Sudbury by majority vote of the Board of Selectman in accordance with the following guidelines:

Proclamations are ceremonial documents signed by the Board of Selectman and issued for:

- Public awareness
- Charitable fundraising campaigns
- Arts and cultural celebrations
- Special honors

Proclamations will not be issued for:

- Matters of political controversy, ideological or religious beliefs, or individual conviction
- Events or organizations with no direct relationship to the Town of Sudbury

Other: The Board of Selectmen reserves the right to modify or deny any proclamation request. More than one cause can be proclaimed simultaneously. A person/organization does not have exclusive rights to the day, week or month of their proclamation. A citation is an alternative where proclamation criteria are not met.

Who can make a proclamation request?

- Request must be made by a Town of Sudbury resident to the Office of the Board of Selectmen.

How should a proclamation request be made?

- All requests must be made in writing. Requests can be mailed, faxed, or hand-delivered or e-mailed. If mailed or faxed, please call to verify receipt by our office.
- Requests should be made at least thirty days in advance of the date the document is needed. Exceptions to this rule may be made as required.

What must the request include?

- Contact person's first and last name, address, and telephone number
- A brief summary and/or background of the event or organization
- The name and date(s) of the day, week, month, or event to be proclaimed
- Draft text for the proclamation, including 4-6 "whereas" clauses

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### 3. Memorial Bench Program

- a. Memorial benches may be purchased through the Town of Sudbury for a fee of \$1,400. This fee covers the cost of a granite bench with a brass plaque or engraving, installation and perpetual care of the bench. Plaques may be inscribed with up to two lines of text.
- b. Installation of the benches will be completed by the Department of Public Works in a location deemed appropriate by the DPW director, Park and Recreation Director, Town Manager and Board of Selectmen. Perpetual care of the benches will include cleaning and repair of any bench as necessary.
- c. All requests for Memorial Benches shall be made to the Town Manager and should include the requested inscription. Bench requests may take as long as 8 weeks to be installed and remain the property of the Town of Sudbury.

(September 8, 2009)

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#### 4. PURCHASE CONTRACTS

The Town Manager is authorized to enter into purchasing contracts under \$25,000, without the approval of the Board of Selectmen on purchases defined in Section 10(d) of the Town Charter.

The Town Manager is authorized to approve, without specific vote of the Board, those contracts \$25,000 and over which are renewals of contracts, with current vendors, previously approved by the Board.

The Town Manager shall provide a list of such awards to the Board of Selectmen on an annual basis in January.

(Adopted 8/9/99, 6/10/02, 8/16/16)

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#### 4. Community Event Signs on Town Property

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From time to time, community groups request to put signs on Town property to let residents know of upcoming events. Such signs need prior approval from the appropriate Town officials, as described below.

I. Signboards at Fire Stations 2 and 3. The community Fire Station signboards at Route 117 and Route 20 are available for Sudbury Boards & Committees as well as non-profit organizations to publicize upcoming events. They may be reserved for one week. Groups wishing to reserve the signboards must complete a Fire Station Sign Use Application:

<http://sudbury.ma.us/departments/Selectmen/doc9177/SignRentalApplication.pdf>

II. Featherland Park, Concord Road. Up to two A frame type signs may be placed in the designated area for up to two weeks prior to an event by groups sponsoring events related to recreational activities in the Town, or by Town or School (SPS or L-S) booster groups. Permission for placing such signs shall be monitored by the Town of Sudbury Recreation Department.

III. Fire Headquarters, Hudson Road. Use of this site shall be at the discretion of the Sudbury Fire Chief, and shall be limited to Sudbury town boards or staff, or nonprofits wishing to publicize upcoming community events.

IV. Police Station, Boston Post Road. Use of this site shall be at the discretion of the Sudbury Police Chief, and shall be limited to Sudbury town boards or staff, or nonprofits wishing to publicize upcoming community events.

Any signs placed on Town property which does not meet these requirements may be removed by the Town and thrown away.

## Safe Community Policy

Adopted May 7, 2018

No town employee shall target, alienate, persecute or discriminate against any individual, including victims or witnesses or informants of domestic violence or any other crime, based on their age, citizenship, disability, ethnicity, gender, gender identity, immigration status, race, religion or sexual orientation. All people in Sudbury should feel safe reporting domestic violence or any other crime.

The Town Manager shall implement and educate town employees, residents and visitors regarding this policy. The Board of Selectmen upholds and reasserts its belief in basic human rights and the dignity of every human being. Nothing in this policy is intended to violate any federal laws or any laws of the Commonwealth.

<https://sudbury.ma.us/selectmen/safe-community-policy-may-7-2018/>

## Minutes Policy

Adopted April 5, 2010

<https://sudbury.ma.us/boardofselectmen/boardofselectmen-2010-04-05-minutes/>

It was on motion unanimously.

VOTED: To approve two new Board of Selectmen policies: 1) the posting of all regular and executive session meetings of the Board of Selectmen on the Town website and 2) the approval of executive session minutes provides for subsequent review of said minutes at a meeting of the Board within 90 days of the one year anniversary of the approval of the minutes to determine whether the purpose of the executive session still exists.

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## Ballot Question Policy

Adopted February 7, 2017

Chapter 180 of the Acts of 1996 requires the Sudbury Board of Selectmen to provide registered voters the following information for any ballot question submitted solely to Town voters (other than a ballot pursuant to M.G.L. ch.53, §18A): (1) the full text of such question; (2) a fair and concise summary of such question; and (3) arguments for and against such question. See Attachment.

Further requirements include the following:

- The required information is to be sent to the voters at least 7 days before such an election.
- The Board of Selectmen, or when designated, Town Counsel, shall seek written arguments from the principal proponents and opponents of each question.
- The Board of Selectmen shall designate a date for receipt for such arguments and shall provide notice of such 14 days before the date arguments are to be received.
- The Board of Selectmen shall determine those best able to present the arguments for and against each question.
- If no argument is received within the time allowed, Town Counsel shall prepare such argument.
- No argument shall contain more than 250 words.

The requirements of this law will be implemented as follows for any ballot questions to be submitted for an Annual Town Election or a Special Town Election.

- Notice of proposed ballot questions and a request for written arguments for and against the questions will be posted on the Town website at least or 46 days before the election **plus additional days as needed to allow Board of Selectmen meetings for actions listed below.**
- The Board of Selectmen will determine those persons best able to present the arguments for and against each question in an open meeting. In the absence of submission, Town Counsel will prepare the argument.
- Written arguments for and against ballot questions will be reviewed by Town Counsel for legal compliance. Neither Town Counsel nor the Board of Selectmen will review or edit the written arguments for substance, opinion, or accuracy.

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<u>Days before election</u>	<u>Action</u>	<u>Purpose</u>
<u>46 + days for BOS meetings</u>	<u>Notice of proposed ballot questions and request for written arguments</u>	
<u>39 + days for BOS meetings</u>	<u>BOS decides authors for pro and con arguments</u>	<u>To allow 14 days before due to Town Counsel</u>
<u>35+ days for BOS meetings</u>	<u>Wording of final ballot questions to Town Clerk</u>	<u>To comply with state ballot law</u>
<u>25 + days for BOS meetings</u>	<u>Written arguments submitted to Town Counsel</u>	<u>To allow 7 days for Town Counsel review and submission to BOS</u>
<u>18 + days for BOS meetings</u>	<u>BOS approves final warrant</u>	
<u>18 days</u>	<u>Delivery to printer</u>	<u>To allow printer 7 days before mailing date</u>
<u>11 days</u>	<u>Delivery to Post Office</u>	<u>To allow 4 days for mail</u>
<u>7 days</u>	<u>Posting and receipt of warrant</u>	

Approved by the Board of Selectmen February 7, 2017.

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## SAMPLE SOCIAL MEDIA POLICY

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### I. INTRODUCTION

The [City/Town] of \_\_\_\_\_ permits departments to utilize social media sites and social networking sites (collectively "social media sites") to further enhance communications with its residents and various stakeholders in support of [City/Town] goals and objectives. [City/Town] officials and [City/Town] departments have the ability to publish articles, facilitate discussions and communicate information through such media to conduct official [City/Town] business. Social media sites facilitate further discussion of [City/Town] government business, operations and services by providing members of the public the opportunity to participate in many ways using the Internet.

This policy sets forth general guidelines that must be adhered to with respect to utilization of social media sites for official [City/Town] purposes. Questions regarding this Policy should be directed to \_\_\_\_\_ [insert title of appropriate official]. These guidelines may be supplemented by more specific administrative procedures and rules as may be issued. Furthermore, this Policy may be amended from time to time, and is meant to be read in conjunction with all other applicable policies and procedures of the [City/Town] of \_\_\_\_\_.

### II. DEFINITIONS

1. "Social media sites" and "social networking sites" refer to websites that facilitate user participation, networking, and collaboration through the submission of user generated content. Social media in general includes tools such as: blogs, wikis, microblogging sites, such as Twitter; social networking sites, such as Facebook and LinkedIn; video sharing sites, such as YouTube; and bookmarking sites such as Del.icio.us.

2. A "social media identity" is a specific user identity or account that has been registered on a third party social media site.

3. A "blog" (an abridgement of the term web log) is a [City/Town] of \_\_\_\_\_ website with regular entries of commentary, descriptions of events, or other material such as graphics or video.



4. A "moderator" is an authorized [City/Town] of \_\_\_\_\_ official (appointed or elected) or employee, who reviews, authorizes and allows content submitted by the [City/Town] officials, employees and public commentators to be posted to a [City/Town] of \_\_\_\_\_ social media site or sites.

III. POLICY

1. All [City/Town] social media sites shall be:

- a) approved by \_\_\_\_\_ [insert title of appropriate official]; and
- b) published using social media platform and tools approved by the Information Technology Department ("IT").

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2. The official posting for the [City/Town] will be done by \_\_\_\_\_ [insert title of appropriate official] or their designee.

3. Departments have the option of allowing employees to participate in existing social media sites as part of their job duties, or allowing employees to create social media sites as part of their job duties. Department Heads may allow or disallow employee participation in any social media activities in their departments.

4. All [City/Town] social media sites shall adhere to applicable state, federal and local laws, regulations and policies including the Public Records Law, Public Records retention schedules, Open Meeting Law, Copyright Law and other applicable [City/Town] policies.

5. Public Records Law and e-discovery laws and policies apply to social media content. Accordingly, such content must be able to be managed, stored and retrieved to comply with these laws. Furthermore, once such content is posted on a social media site, it should stay posted, unless it is removed for one of the reasons set forth below in paragraph Numbers 10 or 11, or it is changed to fix spelling or grammar errors.

6. All social media sites and entries shall clearly indicate that any content posted or submitted is subject to public disclosure.

7. Each [City/Town] social media site shall include an introductory statement which clearly specifies the purpose and topical scope of the blog and social media/network site. Where possible, social media sites should link back to the official [City/Town] of \_\_\_\_\_ Internet site for forms, documents and other information.

8. Each [City/Town] social media site shall indicate to users that the site is subject to a third party's website Terms of Service. Furthermore, each [City/Town] social media site shall indicate that: the social media site provider could collect personal information through user's use of the social media site; and that this personal information may be disseminated by the third party; and that such dissemination may not be governed or limited by any state, federal or local law or policy applicable to the [City/Town].

9. All social media sites shall clearly indicate they are maintained by the [City/Town] of \_\_\_\_\_ and shall have the [City/Town] of \_\_\_\_\_ contact information prominently displayed.

10. The [City/Town] reserves the right to restrict or remove any content that is deemed in violation of this policy or any applicable law.

11. [City/Town] social media content and comments containing any of the following forms of content shall not be allowed for posting:

a) Comments or content not topically related to the particular site or blog article being commented upon;

b) Profane, obscene, or vulgar language or content;

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c) Comments or content that promotes, fosters or perpetuates discrimination on the basis of race, color, gender, gender identity, national origin, religion, ancestry, age, sexual orientation, disability, maternity leave, genetic information, or active military status;

d) Comments or content that is threatening or harassing;

e) Sexual comments, content, or links to sexual content;

f) \_\_\_\_\_ Conduct or encouragement of illegal activity;

g) Information that may tend to compromise the safety or security of the public or public systems;

h) Content that violates a legal ownership interest of any other party;

i) Protected health information;

j) Personnel information; or

k) Other information that is not public record or is otherwise privileged from public disclosure.

12. All [City/Town] social media moderators shall be trained regarding the terms of this policy, including their responsibilities to review content submitted for posting to ensure compliance with the policy.

13. Where appropriate, [City/Town] IT security and/or computer use policies shall apply to all social media sites and articles.

14. Officials (elected or appointed) and employees representing the [City/Town] via social media sites must conduct themselves at all times as a representative of the [City/Town] and in accordance with all applicable rules, regulations, and policies (including personnel policies) of the [City/Town] of . See Section IV, Employee Guidelines for Use of Social Media Sites.

15. No [City/Town] or department social media site can endorse or otherwise cite (either with approval or disapproval) vendors, suppliers, clients, citizens, co-workers or other stakeholders.

16. Employees found in violation of this policy may be subject to disciplinary action, up to and including termination of employment.

#### IV. EMPLOYEE GUIDELINES FOR USE OF SOCIAL MEDIA SITES

1. Electronic Communications and Computer Usage Policy. All employees are responsible for understanding and following the [City/Town]'s Electronic Communications and Computer Usage Policy, in addition to this Policy.

2. First Amendment Protected Speech. Although the [City/Town] can moderate the social media sites that accept comments from the public (such as blogs and wikis) to restrict speech that is obscene, threatening, discriminatory, harassing, or off topic, employees cannot use the moderation function to restrict speech with which the [City/Town] merely disagrees (i.e. subject matter restrictions). Users have some First Amendment rights in posting content to public social media sites hosted by municipalities. Moderators must respect those rights by posting all comments other than those excluded for specific legitimate reasons, as referenced above.

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3. Copyright Law. Employees must abide by laws governing copyright and fair use of copyrighted material owned by others. Never reprint whole articles or publications without first receiving written permission from the publication owner. Never quote an excerpt of someone else's work without acknowledging the source, and, if possible, provide a link to the original.

4. Conflict of Interest. Employees are prohibited from using social media to engage in any activity that constitutes a conflict of interest for the Town or any of its employees, as defined by G.L. c. 268A.

5. Protect Confidential Information. Never post legally protected personal information that you have obtained from the [City/Town] (e.g., information that is not public record under the Public Records Law, G.L. c.66, §10 and G.L. c. 4, §7(26), or whose dissemination is restricted under applicable Federal or State privacy laws or regulations). Ask permission to publish or report on conversations that occur within the [City/Town]. Never post information about policies or plans that have not been finalized by the [City/Town], unless you have received explicit permission from your supervisor to post draft policies or plans on the department's social media sites for public comment.

6. Consider Your Content. As informal as social media sites are meant to be, if they are on a government domain or a government identity, they are official government communications. Social media sites will be sought out by mainstream media – so a great deal of thought needs to go into how you will use the social media in a way that benefits both the [City/Town] and the public. Employees should not comment about rumors, political disputes, or personnel issues, for example.

7. Handling Negative Comments. Because the purpose of many social media sites, particularly department blogs and wikis, is to get feedback from the public, you should expect that some of the feedback you receive will be negative. Some effective ways to respond to negative comments include:

- a) Providing accurate information in the spirit of being helpful;
- b) Respectfully disagreeing; and
- c) Acknowledging that it is possible to hold different points of view.

8. Respect Your Audience and Your Coworkers. Do not use ethnic slurs, personal insults, obscenity, or engage in any conduct that would not be acceptable in your department's workplace. Do not be afraid to be yourself, but do so respectfully. This includes not only the obvious (no ethnic slurs, personal insults, obscenity, threats of violence, etc.) but also proper consideration of privacy and of topics that may be considered objectionable or inflammatory— such as party politics and religion. Do not use your department's social media presence to communicate among fellow [City/Town] employees. Do not air your differences with your fellow [City/Town] employees on your department's social media's sites.

9. Use the Social Media Site or Identity Only to Contribute to your Department’s Mission. When you contribute to your department’s social media site or identity, provide worthwhile information and perspective that contribute to your department’s mission of serving the public. What you publish will reflect on the [City/Town]. Social media sites and identities should be used in a way that contributes to the [City/Town]’s mission by:

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- a) Helping you and your co-workers perform their jobs better;
- b) Informing citizens about government services and how to access them;
- c) Making the operations of your department transparent and accessible to the public; d) Creating a forum for the receipt of candid comments from residents about how government can be improved; and
- e) Encouraging civic engagement.

10. Mistakes. The [City/Town] policy is that once something is posted, it should stay posted. Only spelling errors or grammar fixes should be made without making the change evident to users. If you choose to modify an earlier post, make it clear that you have done so—do not remove or delete the incorrect content; provide the correct information and apologize for the error. Ways to accomplish this include:

- a) Strike through the error and correct; or
- b) Create a new post with the correct information, and link to it from the post you need to correct or clarify.

Either method is acceptable. In order for the social media identity or site to achieve transparency, the [City/Town] cannot change content that has already been published without making the changes clearly evident to users.

11. Media Inquiries. [City/Town] or department social media identities or sites may lead to increased inquiries from the media. If you are contacted directly by a reporter, you should refer media questions to \_\_\_\_\_ [insert title of appropriate official].

12. Personal Comments. Make it clear when you are speaking for yourself as a resident or stakeholder, and not on behalf of the [City/Town] of \_\_\_\_\_. If you publish content on any website of the [City/Town] and it has something to do with the work you do or subjects associated with the [City/Town], use a disclaimer such as this: “The postings on this site are my own and don’t necessarily represent the [City/Town’s] positions or opinions.”

13. Employee or Official Profile. If you identify yourself as a [City/Town] employee or official, ensure your profile and related content is consistent with how you wish to present yourself to colleagues, residents and other stakeholders.

14. Defamation. Be aware that employees acting in their individual capacity (not on behalf of the [City/Town]) are not immune from defamation claims. Under Massachusetts law, defamation is established by showing that the defendant published a false, non-privileged statement about the plaintiff to a third party that either caused the plaintiff economic loss or was of the type that is actionable without proof of economic loss. Some statements, like imputation of a crime, are defamatory per se. Avoid statements that may be interpreted as defamatory.

15. Records Retention. Social media sites will contain communications sent to or received by [City/Town] officials and employees, and are therefore Public Records. Ensure that the [City/Town] or department retains a copy of the social media content in accordance with Public Records Retention Schedules. Review the third party social media service provider's terms of service for its record retention practices. Note that while third party social media providers will

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most likely save your content for some period of time, they generally will not save it indefinitely. To the extent their policies are inconsistent with Public Records Retention Schedules, the [City/Town] or department should retain copies of social media posts such as by printing or otherwise storing periodic "snapshots" of the social media sites.

16. Open Meeting Law. Be aware of the Open Meeting Law and possible violations for improper deliberations outside of a posted meeting. A series of individual postings on a social media site cumulatively may convey the position of a quorum of a governmental body regarding a subject within its jurisdiction, and may constitute improper deliberation among the members of a board or committee.

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#### SOCIAL MEDIA POLICY

This acknowledges that I have received and reviewed the Social Media Policy, with attachments, of the [City/Town] of \_\_\_\_\_ ("Policy"). By signing this form, I agree to abide by the Policy and any Guidelines promulgated thereunder, and I agree to review periodically any changes or modifications.

[DOCUMENT ORIGIN: FULL SB POLICIES RED-LINED 02/01/21](#)

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recognize that the law and associated Policy regarding use of Social Media are continually evolving. Therefore, I understand that my regular review of this Policy, as it may be amended, is required.

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

To be included in employee's personnel file.

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## LANGUAGE POLICY

Adopted:

-

### I. Purpose

The Board of Selectmen has determined that in order to remove stereotypes and advance a more inclusive gender-neutral policy, it is in the best interests of the Town to change how the members of the Board of Selectmen will be referred to in the future.

-

### II. Policy

Upon the effective date of this Policy, Individual Selectmen shall be referred to as Select Board Member, Selectwoman, or Selectman, and the Chairman shall be referred to as Chair and the Vice Chairman shall be referred to as Vice Chair.

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This Policy shall have no effect on the powers and authorities of the Board of Selectmen as provided in the Massachusetts General Laws or any special act applicable to the Town of Sudbury, the Town Charters, the Code of the Town of Sudbury, and any regulations of the Town.

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## Town of Sudbury Donation Policy

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Rev. 6/2014

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### I. Definition and Governance -

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Donations subject to this policy include all monetary gifts, donations, grants, or bequests, and all donations of equipment, materials, or other donations in kind. Gifts and donations may be accepted by the Town from a charitable foundation, a private corporation, or an individual, or from the Commonwealth, a county or municipality or an agency thereof, pursuant to the provisions of M.G.L. Chapter 44, Sections 53A. These amounts may be expended without appropriation, however, must be spent in accordance with the provisions of the gift or donation. Considered a special purpose fund, the monies in a gift account may be held-over from year to year.

### II. Acceptance of

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#### Donations -

#### Monetary -

The Board of Selectmen recognizes and appreciates the benefits to the Town of donations of time, talent, and money in support of the Sudbury community. While the Board of Selectmen is grateful for donations for a variety of projects that can improve the quality of life in Sudbury, they reserve the right to decline donations for specific projects that might require extraordinary in-kind or monetary contributions from the Town or its staff to assist in planning, implementing or maintaining the project, or where the project would compromise the success of other efforts of the Town.

All donations accepted by the Board of Selectmen will be expended at the discretion of the Board of Selectmen or appropriate designee (e.g. responsible department, division, trustees, committee or individual associated with direct benefit

of or expenditure authority for the gift).

Donations that are accepted by the Board of Selectmen will ordinarily be accepted without condition or restriction, unless requested and the Board approves a proposed condition or restriction as being in the interest of the Town.

Monetary donations will be placed in a separate account as needed and in compliance with applicable laws.

Tangible personal property –

The Board of Selectmen may, in its sole discretion and authority, accept gifts of tangible personal property on behalf of the Town from the federal government, a charitable foundation, private corporation, individual, or from the Commonwealth or any political subdivision thereof, and may, in its sole discretion and authority, use said gifts, without specific appropriation

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thereof, for the purpose of such a gift or, if no restrictions are attached to the gift, for such other purposes as it deems advisable.

Donations of time and personal services –

Donations of time and personal services by Sudbury residents shall not be subject to this policy. This exemption shall apply to individual volunteerism only, and shall not extend to donations of services by employees and agents of businesses or commercial entities, which shall be treated the same as donations of money or other contributions of economic value under this policy.

III. Rejection of Donations –

The Board of Selectmen reserves the right to reject any donation when it finds that the donation would not serve the best interests of the Town. The Board will consider the overall interests of the Town in reviewing each donation, but generally will not accept donations in the following circumstances:

1. The donation is incompatible with existing or planned services, programs, or goals of the Town.
2. The donation would result in an unreasonable inequity among Sudbury residents or groups of residents within the Town.
3. The donation may tend to result in a recurring cost to the Town such as the salary or benefits for a staff position, or ongoing maintenance or support of equipment or materials, or would create a cost to the Town to terminate or eliminate the staff, equipment or materials (e.g. unemployment.)
4. The donation may require special supplies, maintenance, or installation, or entail other significant costs not covered by the donation.
5. The donation would involve unreasonable advertising or promotion of a commercial interest.
6. The donation would support a program that has been discontinued or any program, equipment or materials, or a capital item that was

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proposed but not funded in the budget approved for the Town by the voters of the Town of Sudbury at a Town Meeting or Town Election.

IV. Exceptions to Requirement of Board of Selectmen–

None. While the Board of Selectmen does not need to authorize, accept or promote the actions of individuals or organizations to engage in fundraising, the proceeds of which may be given to the Town as a gift or donation, either in lump-sum, regular intervals or periodically into the future, all donations regardless of dollar amount or purpose must be accepted by the Board of

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Selectmen before being considered a revenue of the Town, expended or encumbered for any purpose.

v. Fundraising

Any group or organization that seeks to raise funds to support the Town, especially to support a particular program or initiative, should communicate with the Town to ensure its efforts are compatible with the Town's goals. Generally, communication and coordination with the Town is encouraged for any fundraising efforts. Donations from fundraising efforts are subject to the donation approval policy. The Board of Selectmen may choose not to accept donations from fundraising efforts in the absence of approval prior to the fundraising effort. Furthermore, individuals, commercial or private entities, or any other type of organization is prohibited from engaging in any fundraising efforts on behalf or in the name of the Town of Sudbury, without express prior permission.

Individuals, commercial or private entities, or any other type of organization that engage in fundraising are solely responsible for operating under all State and Federal mandates, including those governing charitable funds, fundraising, and non-profit activities. More details regarding charitable funds and fundraising may be obtained at the Mass. Attorney General's Office and the Internal Revenue Service.

Often times, separate fundraising efforts will warrant that the Town becomes involved as the permanent custodian or funding mechanism for a particular purpose. However, until the Town is legally designated through proper trust documentation or money is donated to an existing Town trust, or accepted by the Board of Selectmen for an established municipal purpose (or on behalf of and in accordance with established municipal committees or commissions (e.g. the LEPC, COA or the Cultural Council), such donations may not be considered revenue to the Town, subject to use or appropriation by the Town.

Any individual or organization that raises funds for any purposes may be prosecuted for misrepresenting or misusing the Town

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of Sudbury's Tax ID, State and Federal tax-exemption status or other determinations under IRS section 501(c)(3).

VI. An important notice regarding charitable gifts or donations made to local government entities

Charitable donations made directly to a local government may be tax deductible by donors but are not expressly granted or guaranteed under IRS section 501(c)(3) or any other tax regulations. For further details see IRSPublication #526, contact the IRS or consult with a tax professional regarding particular charitable contributions as well as the eligibility requirements for specific individuals (or entities) when claiming deductions for federal income, estate and gift tax purposes.

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# TOWN OF SUDBURY

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REVIEW OF CAPITAL IMPROVEMENT PROGRAM

APRIL 2020



**DLS**  
DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**PREPARED BY:**

**DLS | Technical Assistance Bureau**

100 Cambridge Street, Boston, MA 02114-9569

[www.mass.gov/dls](http://www.mass.gov/dls)



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# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

Geoffrey Snyder  
Commissioner of Revenue

Sean R. Cronin  
Senior Deputy Commissioner

April 3, 2020

Select Board  
Flynn Building  
278 Old Sudbury Road  
Sudbury, MA 01776

Dear Board Members,

I am pleased to present the enclosed review of the Town of Sudbury's capital improvement program. It is my hope that our guidance provides direction and serves as a resource for local officials as we build better government for our citizens.

Please contact me if you have any questions regarding the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin  
Senior Deputy Commissioner

617-626-2381  
[croninse@dor.state.ma.us](mailto:croninse@dor.state.ma.us)

*Supporting a Commonwealth of Communities*

mass.gov/DLS | P.O. Box 9569 Boston, MA 02114-9569 | (617) 626-2300



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## INTRODUCTION

At the select board's request, the Division of Local Services (DLS) Technical Assistance Bureau (TAB) reviewed the Town of Sudbury's capital improvement program (CIP). This review was one of a series of steps the board has taken to fulfill its responsibility for ensuring Sudbury's capital assets can cost-effectively sustain the town's desired service levels into the future. It follows on the completed work of the strategic financial planning committee for capital funding (SFPCCF), which had existed from October 2013 to April 2019. It also corresponds with a FY2020 goal of the board to update the town's financial policy manual, which was last revised in 2015. In requesting this review, the select board sought to obtain an objective, external evaluation of Sudbury's CIP.

Over the years, successions of select boards, employees, and volunteers have conducted various efforts to evaluate and enhance the town's capital planning objectives and strategies. Despite some progress made, our review found that there is still much room for improving Sudbury's CIP. The town needs stronger, more informative policies, and its procedures could be enhanced to be more consistent and effective. In addition, a lack of local consensus about priorities and funding levels has stymied the investment trend in many types of capital assets. Most importantly, the town has failed to pursue a financing strategy that strikes a sound, predictable, and sustainable balance between debt and cash (i.e., "pay-as-you-go") funding options without resorting to repetitive temporary additions to the tax levy. This report offers guidance and tools to address these issues and move the town toward a stronger overall CIP framework.

The goal of this review was to compare the components of Sudbury's existing CIP with advisable norms, often referred to as best practices. To do this, we spoke with pertinent officials and examined recent program history, including related policies, procedures, forms, funding practices, charter and bylaw provisions, budget documents, town meeting warrants, Proposition 2½ referendums, select board meeting minutes, and the two previous capital study reports done by ad hoc town committees, one in 2013 and the SFPCCF's PowerPoint report in 2019.

## COMMUNITY PROFILE

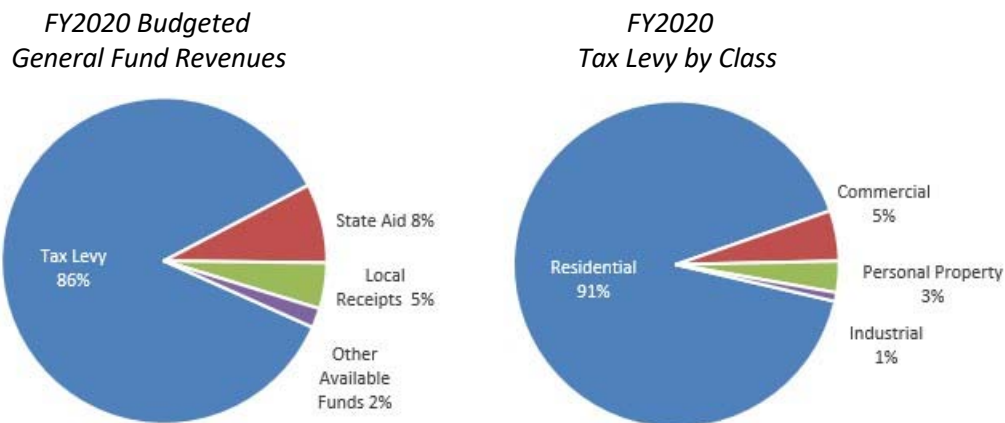
The Town of Sudbury is a suburban community of 18,874 residents situated 20 miles west of Boston and encompassing 24 square miles. With its combination of historic, semirural atmosphere and proximity to the city, the town has comparatively high property values and wealth indicators. Sudbury's per capita income of \$113,416 is the 17<sup>th</sup> highest in the state, while its per capita equalized property valuation (EQV) ranks within the top 20% statewide, in 66<sup>th</sup> place. Annually, the town's budget supports a wide array of services, including full-time police and fire departments, consolidated department of public works (DPW), ambulance service, health services, library, council

on aging, and recreational programs. The town operates its own Sudbury Public School (SPS) district for kindergarten through eighth grade students and pays annual assessments for its membership in



the Lincoln-Sudbury Regional High School (LSRHS). Segregated within the town's total FY2020 operating budget of just under \$108 million are budgets for the local Community Preservation Act (CPA) program (\$2.1 million) and for three enterprise fund operations (the pool, transfer station, and field maintenance), which total about \$1 million combined.

Whereas the average Massachusetts town draws 71% of its general fund budget from the tax levy, in Sudbury that portion is considerably larger, at 86%. This is because the town lacks significant offsets from either locally generated receipts (e.g., motor vehicle excises, municipal charges, interest, fees) or from state aid (due to Sudbury's high wealth factors and the regional high school receiving educational aid directly from the state). Furthermore, only 7% of the total property valuation in Sudbury arises from commercial, industrial, and personal properties, and therefore residential taxpayers shoulder the preponderance of the levy burden.



Pursuant to a 1994 town charter, subsequent amending special acts, and town bylaws, Sudbury's executive governing branch consists of an elected, five-member select board, while an open town meeting functions as the legislature. A finance committee, consisting of nine volunteers appointed by the moderator, advises town meeting voters on all finance-related warrant articles.

The select board appoints a town manager, who is charged to oversee the town's day-to-day functions, as well as planning and coordinating its long-range goals. The charter empowers this position with the appointing authority for most of the town's department heads and enumerates many duties related to the officeholder's capital planning role, namely:

- oversee the town's financial management functions and coordinate the activities of all departments, officers, boards, and commissions
- keep the select board and finance committee fully informed as to the town's financial condition and needs
- prepare an annual forecast of town revenues, expenditures, and general financial condition

- develop and maintain a complete inventory of all town-owned real and personal property
- ensure the efficient use, maintenance, and repair of all town facilities, except the schools

- prepare annual operating and capital budgets for all town departments

Assisting the town manager in these and other duties are an assistant town manager/human resources director and a finance director-treasurer/collector. These three officers compose the town's budget team, who work together to orchestrate the operating and capital budget processes and then propose a combined annual budget to the select board and finance committee.

The executive leadership in Sudbury is going through a period of transition as the select board has recently hired a new town manager. This appointment will provide the town with the opportunity to take a fresh look at all administrative and financial practices, including the CIP. To aid in this objective, we considered all the various components that comprise the pillars of a comprehensive CIP and assessed how they are manifested in Sudbury. In the report that follows, we detail our observations and make recommendations to help guide local officials toward a CIP grounded in generally accepted best practices.



## CIP FRAMEWORK

By the simplest definition, a capital asset is an item of property with a useful life longer than one year. In the context of municipal financial management, however, it is more useful to think of capital assets as the community-owned collection of significant, longlasting, and expensive real and personal property, such as land, buildings, equipment, infrastructure, and rolling stock. A CIP is a risk management framework for ensuring these assets can continuously, efficiently, and effectively provide desired services according to a well-thought-out, economical plan. A strong CIP guards against the risk of the failure of any of these assets in supporting the major objectives of town government, among them the promotion of commerce, protection of public health and safety, provision of educational programs, and enhancement of local quality of life. The oversight of a solid CIP is therefore one of a select board's most vital duties.

To conduct this review, we examined all aspects of Sudbury's capital program. In the next part of the report, we provide our observations, analyses, and recommendations in sections divided into the four component areas of a comprehensive CIP:

- A. Financial Policies
- B. Capital Planning Procedures
- C. Funding Strategies
- D. Capital Forecast

When doing this type of review, communities sometimes find it useful to know how they compare to others that can be considered their peers based on similar fiscal, geographic, and socioeconomic characteristics. Among the factors we used to determine an appropriate peer group for Sudbury were population size, budget amount, per capita income and EQV, budget composition, and the balance of properties classes within the total valuation. The resulting nine peer towns are listed in the table below. We will refer to this peer group again in various parts of the report.

*Sudbury's Peer Communities*

Town	2015 Pop	Pop Density	2015 Income PC	2016 EQV PC	% of Value		FY2020 Total Operating Budget	% of Budget				Bond Rating*
					Res	CIP		Levy	Aid	Lccal Receipts	Other	
Acton	23,549	1,185	61,285	182,870	88.90	11.10	105,717,247	84.72	2.50	10.98	1.80	S&P: AAA
Bedford	14,171	1,037	63,336	247,247	78.78	21.22	103,598,404	64.92	8.37	14.86	11.85	S&P: AAA
Concord	19,830	809	119,088	314,585	91.88	8.12	119,033,611	79.84	4.59	11.06	4.50	M: Aaa
Duxbury	15,483	652	84,188	249,015	96.24	3.76	88,543,488	72.48	7.40	15.44	4.69	S&P: AAA
Hingham	23,120	1,041	112,921	288,446	88.61	11.39	128,255,994	67.09	8.83	22.72	1.36	S&P: AAA
Hopkinton	16,674	635	84,115	213,004	83.67	16.33	99,288,874	72.39	10.08	13.92	3.61	S&P: AAA
Scituate	18,478	1,048	61,387	239,940	95.70	4.30	103,425,131	63.63	7.95	25.44	2.97	S&P: AA+
Wayland	13,684	909	147,695	267,930	95.16	4.84	93,872,007	75.58	6.83	13.77	3.83	M: Aaa
Westwood	16,055	1,476	114,844	270,466	84.08	15.92	102,504,134	78.26	7.61	9.74	4.39	S&P: AAA
<b>Sudbury</b>	<b>18,874</b>	<b>778</b>	<b>115,416</b>	<b>240,299</b>	<b>92.99</b>	<b>7.01</b>	<b>107,835,900</b>	<b>83.21</b>	<b>7.63</b>	<b>7.28</b>	<b>1.87</b>	<b>S&amp;P: AAA</b>
<b>Averages</b>	<b>17,992</b>	<b>957</b>	<b>96,428</b>	<b>251,380</b>	<b>89.60</b>	<b>10.40</b>	<b>105,207,479</b>	<b>74.21</b>	<b>7.18</b>	<b>14.52</b>	<b>4.09</b>	

*\*Indicating either Moody's or Standard & Poor's.*

## A. FINANCIAL POLICIES

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Without a strong set of clear, well-reasoned, and comprehensive financial policies, it is very difficult for a community to implement an effective CIP. Policies create the signposts for the procedural roadmap to be followed by relevant officials. They also spell out local leaders' commitment to long-range, consensus-driven goals. The policy topics of capital planning, budget, reserves, and debt management should all have interconnected provisions related to the capital program.

As a communication tool, a policy sets expectations for particular individuals and groups, such as budget decision makers, employees, and residents. A well-written policy promotes accountability, consistency, and transparency and provides instructive guidance for the accomplishment of specific goals. Beyond doing all of this, a strong financial policy provides its greatest value as a foundational element of the town's system of internal controls for risk management. Unfortunately, we found the town's draft policy manual, which covers nine topics in only five pages with very sparse provisions, to be inadequate to fulfill these objectives.

We strongly advise the select board to initiate a complete policy makeover. Manuals that TAB has created for other communities could provide samples for particular topics and can be found on the DLS website at: <https://www.mass.gov/service-details/community-compact-cabinet-reports>. Detailed below are provisions we recommend the town incorporate in the new policies.

### **A-1. Adopt a full-scope Annual Budget policy**

In place of the existing Operating Budget policy, an Annual Budget policy would define an integrated framework for developing the total operating budget, including the general fund, enterprise fund, and capital budgets but excluding the CPA, which is the sole purview of the Community Preservation Committee. In doing this, the new policy could incorporate the two, currently separate policies on Revenues and Expenditures. The town could also consider stating whether each enterprise fund will be self-supporting or will receive a general fund subsidy. When an enterprise is self-supporting, user fees are calculated to ensure they cover all of the given operation's costs, including personnel, expenses, and capital investment, as well as the indirect costs associated with other town departments that provide support to the enterprise.

We further recommend the policy include provisions that define the appropriate circumstances for considering a Proposition 2½ referendum. For example, it could stipulate that every debt exclusion proposal must meet all three of these criteria: (1) useful life of 20 years or more; (2) estimated cost of the principal payment in the first year of the debt issuance must be greater than 1% of the prior year's general fund revenue; and (3) the expenditure is either for town-owned land, buildings, or

infrastructure or for a LSRHS capital assessment. The policy should also state that the town will avoid proposing any capital exclusions except in unanticipated, extraordinary circumstances.



## A-2. Adopt a consolidated Reserves policy and set prudent target levels

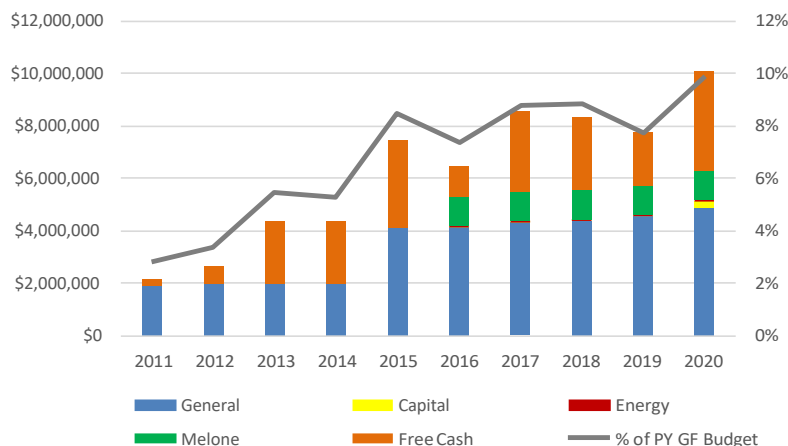
Instead of separate policies for the general stabilization fund and free cash, we recommend the select board adopt a single policy that addresses both of these reserves, as well as all special purpose stabilization funds, enterprise fund retained earnings, and overlay surplus. We also advise the board to reevaluate and expand the policy stipulations for funding targets.

Sudbury’s 2015 policy manual set a target for the stabilization fund at 5% of the prior year’s general fund budget and specified that it should be used only for unexpected events. The new draft retains the funding target but removes any usage language. Conversely, the town has never set a target level for free cash, but both policy versions specify a usage priority order for this reserve, which is the remaining, unrestricted funds from operations of the previous fiscal year. Free cash requires certification by DLS before the town may appropriate it.

Sudbury’s reserve-related policies have not provided adequate instructions and targets for reserves. As a solitary goal, the general stabilization fund target is too low, and the overall approach to reserves should be more strategic. Reserves not only provide a community with “rainy day” monies for emergencies; they should also be viewed as a means to set aside funds for capital purchases that can be made with cash at a lesser cost, and as a counterbalance to, projects that must be financed by borrowing with its attendant add-on expenses and complications.

A 5% minimum target for the general stabilization fund is reasonable only if there are also targets for other reserves, such that the total combined reserves target equates to 10 to 12% of the prior year’s general fund budget (i.e., the total operating budget minus CPA and enterprise funds). Here, “total combined reserves” refers to the total of free cash and the town’s general and special purpose stabilizations funds all together. As illustrated below, the town has made progress in the last few years toward achieving the low end of our advised target.

*Combined Reserves as % of Prior Year General Fund Budgets, FY2011- FY2020*



Note: Besides the special purpose stabilization funds for capital, energy, and the Melone property, there is also a turf field fund. It has only ever had a balance of \$100 though, so it cannot be graphically represented in this chart.

Among Sudbury's peers with formal policies on reserves, the average combined target is 8-12% of the general fund budget. In almost all cases though, their overall policy targets refer only to combined free cash and general stabilization (i.e., no special purpose stabilization funds included).

While preserving Sudbury's existing 5% target for the general stabilization fund, we advise the select board to consider expanding the Reserves policy to include the other targets listed below along with other recommended provisions:

- Establish a goal of endeavoring to realize annual free cash certifications equivalent to 3-5% of prior year general fund revenues. Free cash is considered a nonrecurring revenue source because the amount certifiable by DLS is subject to potentially unanticipated variables in any given year. Despite this, the town manager can pursue a consistent free cash level by employing conservative budgeting practices that intentionally estimate revenues at no more than 95% of prior year actuals, avoiding full depletions of prior year certified amounts, and holding department heads accountable for the careful management of turnbacks.
- Achieve and maintain a combined target balance for all capital-related special purpose stabilization funds equal to 2% of prior year general fund revenues.
- Spell out the specific appropriate usages for each type of reserve.
- Set a retained earnings target for any enterprise fund not subsidized by the general fund. Similar to free cash, retained earnings refers to an enterprise fund's surplus balance that requires DLS certification before it may be appropriated. Due to changes in the accounting for indirect costs in FY2020, none of the town's three enterprise operations are currently self-supporting. If the town makes a shift in policy (and fee schedule) to ensure that any of these operations becomes self-supporting, the Reserves policy should state a retained earnings target in anticipation of related projects in the capital plan.
- Include a statement that the select board will request an annual update from the board of assessors on the balance in the overlay account as compared to anticipated abatement and exemption liabilities. Any excess may then be declared as surplus and available for capital or other one-time purposes.

### **A-3. Set a year-to-year debt funding target within the general fund budget**

Section C of this report contains a review of Sudbury's history of capital financing through debt exclusion, which is also known as "exempt debt" since its funding derives from levy amounts exempt from Proposition 2½ limitations. The town's pursuit of exempt debt as a primary capital funding mechanism is a risky strategy that works counter to desired objectives of levy stability and planning predictability. On the other hand, a formal policy that dictates the maintenance of a certain level of within-levy debt financing year after year would help provide a strong control for ensuring consistent capital investment.

Long-term debt is an appropriate, and within certain guidelines, the preferred source of financing for

7

long-life assets and projects with cost thresholds that would otherwise be unaffordable to pursue in the near term. Further, the amortization of debt service over 10 to 30 years provides some equity among local taxpayers because project costs are borne among those who may move into or out of the town over time. When a town has access to the bond market at favorable borrowing rates, as in Sudbury, a low debt service budget can indicate deficient investment in capital assets. However, every community should establish a debt service ceiling to assure those expenses do not become detrimental to long-term fiscal conditions, squeeze out necessary operating expenses, or strain the affordability of taxpayers. Moreover, debt issuances should be planned for as a steady part of the community's within-levy budget. These are among the many reasons why a good Debt Management policy is so important.

To help make the town's capital funding more predictable and sustainable, the select board should ensure the new policy has provisions that state the objective to gradually and consistently pursue future debt issuances financed by within-levy dollars and set a debt service target range to be achieved and maintained. As will be discussed further in Section D, we suggest the target be 3% of the prior year's general fund revenues, but local analysts may want to adjust this higher or lower, depending on a review of the capital asset inventory and assessment of needs.

Sudbury's within-levy debt service for FY2020 represents only 0.15% of the prior year's general fund budget, so reaching the recommended goal will take quite a bit of time. Nevertheless, the importance of shifting the financial basis for future borrowings from exempt to within-levy debt cannot be overemphasized, and making this a formal policy objective is the first step. The policy should further dictate that the town will recapture for capital purposes the roll off of any maturing debt, either within a new debt issuance or else by appropriating the equivalent amounts to capital-specific stabilization fund(s), which can thereby provide a source for funding future debt service obligations.

#### **A-4. Clearly define what projects are included in the capital plan**

Capital projects in Sudbury are not well defined. The 2020 draft policy has text describing what a capital asset looks like ("land, ...buildings, ...equipment, ...infrastructure") but provides no information for determining which capital-related expenditures will be included in the town's multiyear capital plan. Deleted from the 2020 policy draft was a stipulation from the 2015 version that had defined a capital project as an expenditure for an item costing \$10,000 or greater and having five or more years of useful life.

In addition to reestablishing cost and useful life capital thresholds in policy, we suggest the select board consider raising the minimum dollar amount to \$15,000 or \$20,000, given inflation's impact over the years. This impact is reflected in the town's current capital plan, in which no fiscal year has

more than one project costing under \$20,000. As would be expected over time, capital criteria dollar thresholds have been rising in other communities. Six of Sudbury's nine peer towns have policy-

defined dollar thresholds for their capital projects, as follows: three set the cost at \$10,000, two at \$20,000, and one at \$25,000. Whatever amount is finalized, the policy should state that any expenditure that does not meet both thresholds should be budgeted within departmental line items, which are discussed further in report Section B.

Standardized criteria will help budget framers to consider all capital projects using town-wide perspectives while also providing a baseline for the assembly of a complete capital inventory, which should also be called for in the policy. Such an inventory is central to the CIP's effectiveness, since it is needed to create comprehensive schedules for replacing or upgrading assets.

#### **A-5. Establish an ordered list for prioritizing capital projects**

In reviewing Sudbury's CIP-related documents, we were unable to ascertain any defined order for prioritizing capital projects, notwithstanding the simple 1 to 5 urgency score department heads assign to each. Within the capital plan, the budget team also designates each project as either urgent maintenance, risk mitigation maintenance, enhancement, or new/substantially remodeled facility, but only the first of these implies any precedence in priority; the others are merely descriptive.

It is rare that a town can afford to pay for all capital proposals, and therefore the participants charged with developing capital budgets need a frame of reference for comparing projects to the community's prioritized objectives and for evaluating them against each other. Lacking this, the course of capital investment can become haphazard to the point that the town risks inadvertently deferring projects whose postponement ends up costing more in the long run or otherwise failing to align approved projects with long-range, town-wide goals.

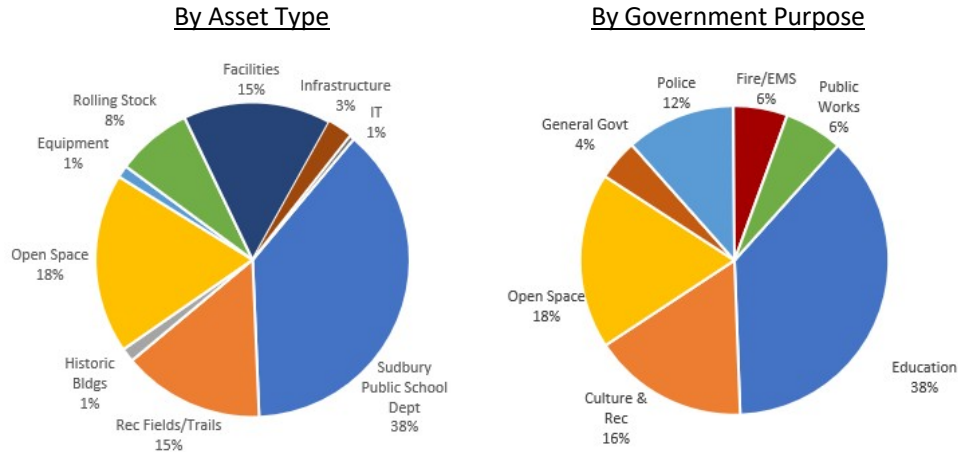
Every community has its own unique set of priorities, and the select board, as the executive policymaking body, must determine what these are for Sudbury. Factors to consider and put in priority order include, but are not limited to, mitigation of safety hazards, legal compliance, operating cost reduction, service or efficiency improvement, availability of outside funding sources, conformance to asset replacement schedule, and enhancement of quality of life.

We did a five-year review of Sudbury's capital spending to see what it might reveal about the town's priorities. For the years FY2016-FY2020, we totaled up all the capital project appropriations from all revenue sources. Excluded from the analysis were any expenditures for assets not owned by the town, such as CPA funds dedicated to private affordable housing and any capital assessments paid to the LSRHS. Thus, the Education slice in the Government Purpose pie chart on the next page exclusively refers to expenditures for the SPS, which represents the largest portion (38%), as one might expect. Almost as much (34% total) was spent on quality-of-life purposes (culture, recreation, and open space

combined), which as a group outweighed the funds applied to infrastructure needs, public safety programs, and the general running of government (28%) all together.



## Capital Spending, FY2016-FY2020



*Note: Rolling Stock does not include any police cruisers, which are budgeted within the department's line-item budget.*

Worth noting is that the pie charts above include \$13 million in debt service for school projects, \$8 million of which came from distributions by the Massachusetts School Building Authority (MSBA). The MSBA funding was included here because this analysis was intended to encompass the full range of capital funding sources used, including grants. Also important to note is that these illustrations represent debt service dollars actually spent from FY2016-FY2019 and budgeted for FY2020. In FY2021, the debt service will begin for five new projects authorized by recent town meetings: Camp Sewataro, Broadacres, Stearns Mill / Dutton Road Bridge, DPW Fuel Island, and Sewer. The funding for the first four of these will be raised through debt exclusions. About 80% of the total new debt service will be spent on the Camp Sewataro and Broadacres projects, further expanding the proportion of overall capital funding applied to quality-of-life assets.

## B. CAPITAL PLANNING PROCEDURES

Article XXV of Sudbury's bylaws establishes a Capital Improvement Advisory Committee (CIAC) comprised of seven members: six appointed by the select board and one by the finance committee. This bylaw charges the CIAC to review and make recommendations on all capital proposals that cost \$100,000 or more. Apart from the CIAC's advisory review, Sudbury's capital planning process otherwise runs in sync and enmeshed with its annual budget process.

Each November, the town manager distributes budget guidelines to department heads along with forms for them to fill in with their operating and capital budget requests. Although the various documents we reviewed showed inconsistencies, for the most part, it appears that department heads have been required to use capital request forms for items costing \$10,000 or more. The town manager is authorized to make decisions on all of these up to a cost of \$100,000. For requests above that amount, the town manager must take into consideration the CIAC's recommendations presented

in its annual report to the select board and finance committee.

The budget team reviews the returned requests and meets with department heads to discuss their needs. As project requests are vetted, the team adds them to a five-year capital plan in Excel. This document also includes 10 more years of projections that reflect the debt service on active projects and present-day replacement costs for existing equipment whose useful lifespans will expire during those years. This extended 10-year listing is inherently underestimated given that replacement costs will increase and new projects be added as time goes by. With that in mind, however, the full plan lists almost \$62 million in prospective projects from FY2021 to FY2034.

Each winter, the budget team must prioritize the capital submissions, determine which ones to include in the forthcoming year's capital budget, and brainstorm potential funding plans for them. By January 31, the town manager presents a combined operating and capital budget to the finance committee and select board, which then hold hearings and vote on the budget. By March 31, the finance committee provides the select board with a report of its budget recommendations for inclusion in the town meeting warrant. On the first Monday in May, the town manager presents the operating and capital budget to annual town meeting.

It appears the budget team has developed a well-coordinated annual budget process, including efficient assembling of the capital budget and updating of the multiyear capital plan. To help the team enhance overall capital planning effectiveness, we offer the following procedural recommendations.

#### **B-1. Budget for maintenance costs within department-level capital line items**

We recommend the select board support the implementation of a fundamental shift in the compilation and presentation of the annual budget. Given Sudbury's overall budget size, range of services, and scale of capital assets, most, if not all the major departments should have an annual capital line item for their necessary maintenance budgets. This line item would not apply to projects the town manages under the CIP. Instead, it will account for department-managed expenditures to curb asset deterioration or replace assets with shorter useful lifespans. These expenses should be considered part of the annual operating, not capital, budget. In contrast, the CIP should govern projects undertaken either to build, buy, expand or replace a long-life asset or to enhance an asset's condition beyond its original state of quality, efficiency, or useful life expectation.

As already mentioned, once the town establishes cost and useful life thresholds for capital projects, any expenditure for an asset that fails to meet both criteria should be budgeted in a departmental capital line item. Sudbury's historical lack of a clear capital project definition is evident in its capital plan. For example, it includes a utility trailer costing only \$4,000 (in FY2023), as well as an annually repeating \$50,000 item for the parks division described as preventative maintenance.



Although this change will preclude the need for departments heads to submit capital request forms for their maintenance costs, it will remain important for the town manager to have realistic discussions with them about their maintenance needs every budget year. Going forward, every department head responsible for a capital asset would submit with his or her annual operating budget request an estimated amount for maintenance needs based on actual, related expenditures over the past one to two years. Furthermore, departments heads would be expected to manage this line item with the same care as those for personnel and expenses, including turning back unexpended maintenance funds at year-end, which could then add to the free cash balance.

Including preventative maintenance expenses as standard parts of departmental operating budgets is a cost-effective and widely recommended<sup>1</sup> approach to ensuring the dependability of capital assets. Shifting to a budget template in which each department has line items for personnel, expenses, and capital is another way to ensure town-wide consistency and mitigate the risk of overlooking necessary maintenance. It also increases the transparency and understanding of maintenance needs for budget decision makers and residents. Sudbury does this already for some departments to a very limited extent. For instance, the police department has a standing annual capital line item that corresponds to its budget for cruiser vehicles, which have useful lifespans under five years. Small capital line items also exist in most years for the DPW's highway division and for the turf field enterprise fund.

### **B-2. Remove LSRHS projects from the town's capital plan**

Sudbury's five-year capital plan lists 25 projects for the LSRHS, totaling \$1.8 million, but the related assets are wholly owned by the LSRHS, which has full responsibility for maintaining, monitoring, and purchasing them. It is therefore inappropriate for the regional school district's assets to be included in the plan. Although the budget team's good working relationship with the district's business office will help them stay apprised of long-range operational and capital projections, the LSRHS School Committee alone makes the decisions on the annual assessments that will be submitted for the approval of Lincoln's and Sudbury's town meetings. For budget and forecasting purposes, the team should regard the district's assessment projections similar to how they would the "fixed cost" items in the overall town budget to which Sudbury has contractual obligations, such as retirement and health insurance benefits.

### **B-3. Expand the information captured on capital project submission sheets**

In Sudbury, department heads fill out a Capital Improvement Budget Request form, which captures a range of details about each project, including description, cost, replacement cycle, and estimated future savings. In the interest of helping to collect more information in a standardized way, we offer

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<sup>1</sup>For more guidance, see the Government Financial Officers Association's best practice, Capital Asset Management, <https://www.gfoa.org/capital-asset-management> (recommendation 5).

in the Appendix a fillable form for potential adoption by the town. It includes pulldown lists for comparable criteria, sections to input positive or negative cost impacts for the next three to five fiscal years, and boxes for narrative descriptions of available grants or other types of potential cost offsets.

#### **B-4. Reconsider the Capital Planning bylaw**

We recommend the town consider revoking bylaw XXV: Capital Planning, whose main purpose is to state the CIAC’s membership composition and mission. Given the wide extent of the town manager’s capital-related duties spelled out in the charter, the CIAC represents a select-board-appointed volunteer body serving a superfluous function to the work already being done by its own full-time, professionally qualified, chief executive officer. The town also has available the full-time expertise of a finance director, whose responsibilities include monitoring the town’s financial condition throughout the year, as well the status of its active capital projects. Our advice here correlates with TAB’s longstanding biases toward lean and efficient centralized processes and toward reliance on empowered, accountable, administrative officers.

### **C. FUNDING STRATEGIES**

Once a community has established definitions for its capital projects and set up solid, consistent procedures for managing its CIP, budget decision makers must then consider a range of capital financing strategies. All funding sources should be included when evaluating the level of investment, from taxes, to borrowings, to local fees and charges, to state grants and programs.

In the last five years, voter-authorized debt exclusions provided the greatest proportion of Sudbury’s capital funding. Three of the seven debt-excluded projects active during this period were for the Curtis, Haynes, and Loring schools, and MSBA distributions in these years substantially offset the amounts that otherwise would have been raised on tax bills for them. In the table and chart below, this grant funding source has been broken out separately to highlight it.

*Capital Spending by Revenue Source, FY2016-FY2020*

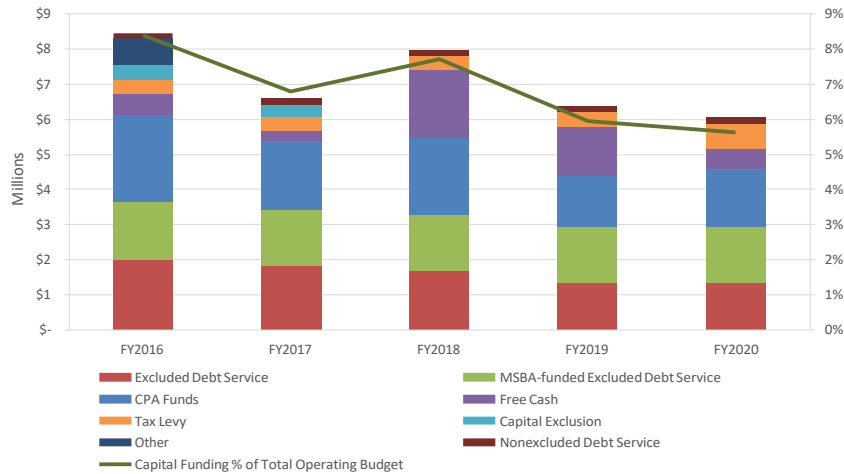
Capital Funding Sources	FY2016	FY2017	FY2018	FY2019	FY2020	5-yr total	5-yr % of Total
CPA Funds	2,501,729	1,956,198	2,161,511	1,428,335	1,658,210	9,705,983	27.34%
Excluded Debt Service	2,027,145	1,817,323	1,691,876	1,339,189	1,329,943	8,205,476	23.12%
MSBA-funded Excluded Debt Service	1,606,861	1,606,052	1,605,984	1,605,926	1,605,872	8,030,695	22.63%
Free Cash	613,793	305,000	1,962,000	1,426,500	570,000	4,877,293	13.74%
Tax Levy	392,750	404,000	413,190	422,000	745,000	2,376,940	6.70%
Capital Exclusion	420,000	365,000	0	0	0	785,000	2.21%
Other*	752,507	0	0	0	0	752,507	2.12%
Nonexcluded Debt Service	140,299	155,050	155,190	155,510	154,610	760,659	2.14%
Stabilization Funds	0	0	0	0	0	0	0.00%
<b>Capital Funding Totals</b>	<b>8,455,084</b>	<b>6,608,623</b>	<b>7,989,751</b>	<b>6,377,460</b>	<b>6,063,635</b>	<b>35,494,553</b>	<b>100%</b>

\*Other funding in FY2016 included a donation, bond premiums, and repurposed town meeting articles.





*Capital Spending by Revenue Source, FY2016-FY2020*



When reviewing the last five years of capital spending there are three trends that stand out. One is the prominence of the CPA program, which actually represents the largest mainly-taxpayer-derived source of financing, given that the MSBA paid a major portion of the debt-excluded projects. The second is the low level of funding from the tax levy and complete absence of stabilization funds as a resource. The third but most significant trend is the longtime strategy that has put capital needs into a type of optional category over-and-above the base levy budget by choosing to pursue project funding through temporary additions to the tax levy. Below we analyze the town’s use of various capital funding sources.

**Debt and Capital Exclusions**

On an annual basis, the town’s budget framers decide the tax levy amount to be raised within the Proposition 2½ levy limit, which automatically increases by 2.5% every year, plus a new growth allowance. In any given year, the community can elect to raise levy funds beyond the levy limit through town meeting and ballot votes. In addition to the provision for a general override, which increases the levy limit permanently, the Proposition 2½ statute permits three types of nonpermanent increases. A capital exclusion increases the levy for one year to pay off a one-time purchase, while a debt exclusion increase lasts for the span of years necessary to pay the debt service on a capital project. Finally, a stabilization fund override increases the levy for an indefinite time to build up funds for a specified purpose. This last option, which Sudbury has never attempted, is discussed further in Section D.

The most striking aspect of Sudbury’s CIP history has been the propensity to make the prospect of capital investment contingent on voter approval of debt and capital exclusions. From FY2016-FY2020, voters approved five capital exclusions and four debt exclusions. Yet these were just the exclusion proposals that passed both town meeting votes and referendums; there were also some contingent

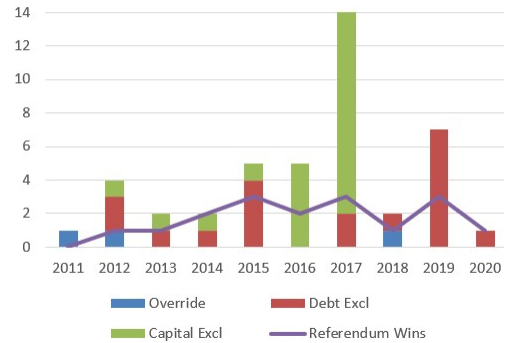
warrant articles that failed one or the other. Moreover, the pattern of proposing repetitive adjustments to the levy limit during this time was a continuation of longstanding practices.

The 10 years since FY2011 have seen a total of 40 warrant articles that made the funding of capital projects contingent on the passage of debt or capital exclusions. Beyond this, there were also three general override proposals during this period, which we include in the table and chart below to show the full picture of all levy questions put to voters. Taken together, the 10-year success rate for these proposals was only 44%, and in the last five years, only 34%.

*Rate of Approval of Town Meeting Appropriations  
Contingent on Proposition 2½ Referendums*

Applicable Fiscal Year	Contingent Town Meeting Articles			Total Articles	Approved Articles	Referendum Wins	% Approved
	Override	Debt Exclusion	Capital Exclusion				
2011	1	0	0	1	1	0	0%
2012	1	2	1	4	4	1	25%
2013	0	1	1	2	1	1	50%
2014	0	1	1	2	2	2	100%
2015	0	4	1	5	5	5	100%
2016	0	0	5	5	5	2	40%
2017	0	2	12	14	14	3	21%
2018	1	1	0	2	2	1	50%
2019	0	7	0	7	5	3	43%
2020	0	1	0	1	1	1	100%
<b>Totals</b>	<b>3</b>	<b>19</b>	<b>21</b>	<b>43</b>	<b>40</b>	<b>19</b>	<b>44%</b>
<b>FY2016-2020 Averages:</b>				<b>5.8</b>	<b>5.4</b>	<b>2</b>	<b>34%</b>

*Contingent Override and Exclusion  
Articles vs. Referendum Wins*



*Note: The years FY2013-FY2015 include 5 referendums for 2 multistage projects, the Nixon School and Police Headquarters.*

This high rate of Proposition 2½ proposals very much makes Sudbury an outlier within the state. Based on information that communities report to DLS, in any given year, about 30% of the state’s cities and towns hold votes on any such referendum, with about two-thirds of these being held for debt exclusions. Rarely does any community have these types of votes year after year though. From FY2016-FY2020, Sudbury averaged 5.4 referendums annually. During this same time, only 39 municipalities in the state (11%) averaged one or more annually, and 18 (5%) three or more annually. Just four other communities along with Sudbury (1% of the state) have had an average of five or more each year. With one exception, these types of referendums are also rare among Sudbury’s peer towns, as shown below.

*Referendums Reported to DLS, FY2011-FY2020*

Town	Override	Debt Exclusion	Capital Exclusion	10-yr Totals
Acton	0	0	0	0
Bedford	0	0	0	0
Concord	0	6	0	6
Duxbury	0	5	0	5
Hingham	0	2	0	2
Hopkinton	0	19	1	20
Scituate	1	5	0	6
Sudbury	3	17	20	40
Wayland	0	6	0	6
Westwood	0	1	0	1

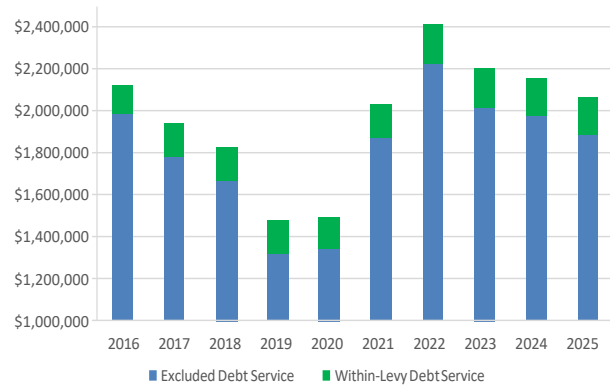
This analysis indicates that the town has been primarily addressing capital needs as wish list add-ons to the base levy, rather than taking a sound risk management approach that accounts for these

expenditures as necessary parts of the budget connected to financing plans under a long-range financial forecast.

Even as the budget team may strive to move away from exclusion proposals in favor of carving out more funding from the levy, it only takes one or two highly expensive projects winning exclusion authorization to stall those efforts. As the chart to the right shows, when the debt service for the four new debt-excluded projects begins in FY2021, these obligations will completely reverse the roll-offs of excluded debt that took place in the last four years. The chart represents the town’s actual net debt service expenditures from FY2016 to FY2019, budgeted amounts for FY2020, and projected estimates for FY2021 to FY2025. (This analysis

provides the best comparison of the town’s true year-to-year debt load since it nets out the MSBA offsets.)

*Actual and Projected General Fund Debt Service Obligations, FY2016 – FY2025*



It is hard to imagine this trend of regularly revolving exclusions can continue much into the future in light of the increasing pressure on tax bills, particularly in the last five years.

*Change in Sudbury’s Average Single-family Tax Bill, FY2011-FY2020*

Fiscal Year	Tax Levy	% Change in Lev	Average Single-family Tax Bill	Annual Tax Bill Increase	% Change in Tax Bill	Average Tax Bill as a % of Value
2011	67,418,506	2.80%	10,695	235	2.25%	1.70%
2012	69,007,533	2.30%	10,937	242	2.26%	1.76%
2013	71,026,410	2.84%	11,205	268	2.45%	1.80%
2014	72,951,707	2.64%	11,544	339	3.03%	1.80%
2015	73,549,581	0.81%	11,598	54	0.47%	1.76%
2016	76,997,531	4.48%	12,082	484	4.17%	1.78%
2017	79,892,487	3.62%	12,520	439	3.63%	1.77%
2018	83,323,444	4.12%	13,033	513	4.10%	1.79%
2019	86,384,635	3.54%	13,355	321	2.46%	1.79%
2020	89,733,893	3.73%	13,769	414	3.10%	1.85%
<b>10-yr Avg. Annual Increase</b>				<b>\$ 331</b>	<b>2.79%</b>	
<b>5-yr Avg. Annual Increase</b>				<b>\$ 434</b>	<b>3.49%</b>	

*Peers Avg. SF Tax Bills, FY2020*

Town	Amount
Scituate	8,123
Bedford	9,769
Hingham	9,988
Hopkinton	10,640
Duxbury	10,943
Westwood	11,789
Acton	11,790
<b>Sudbury</b>	<b>13,769</b>
Wayland	14,214
Concord	15,735

*Note: The bill amounts for Concord and Hopkinton and for Sudbury from FY2014-FY2020 are approximations because, during those years, small numbers of single-family property owners were eligible for tax exemptions connected to the senior means test.*

### Within-levy Debt Service

The 2015 financial policy included a statement that the town “traditionally votes to issue all debt exempt from the limits of Proposition of 2½” without providing any rationale for this. Due to this

longtime avoidance of nonexempt debt, the ratio of debt service funded by within-levy dollars to prior year general fund revenue averaged less than 0.20% annually in the last five years. A new

issuance for the sewer project will be paid with nonexempt debt beginning next year, and although the amount is only projected to be \$30,000 annually, it is still some progress in the right direction.

*Within-levy Debt Service as % of Prior Year  
General Fund Revenues, FY2016-FY2020*

	FY2016	FY2017	FY2018	FY2019	FY2020
Prior Year General Fund Budgets	88,459,671	97,507,455	94,025,172	100,052,644	102,000,958
GF Debt Service Amounts	140,299	155,050	155,190	155,510	154,610
GF DS % of Net GF Budget	0.16%	0.16%	0.17%	0.16%	0.15%

## Community Preservation Act

In the last five years, the CPA fund accounted for a sizeable 27.54% of the town’s capital expenditures, \$9.7 million in total. Close to two-thirds of this (\$6.2 million) applied to debt service on projects authorized in years that predated 2015, while the remainder paid directly (i.e., without debt) for projects approved in special articles during the review period. A lack of substantial capital funding sourced from the levy partially explains the CPA’s large proportionate contribution, along with an apparent multiyear slant toward pursuing the types of projects eligible for CPA funds.

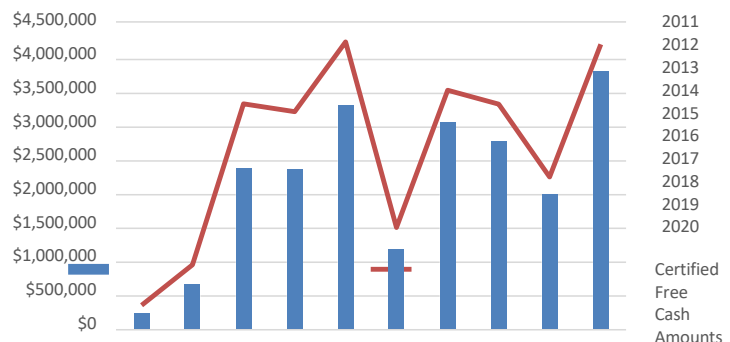
Derived from a 3% surcharge on property tax bills and a nonequal match from the state, Sudbury’s CPA budget provides a steady funding mechanism for capital investment, though one that is restricted to historic, open space, recreational, and affordable housing assets, any of which may or may not necessarily be owned by the town. The CPA budget decision making is entirely the purview of the local Community Preservation Committee, with ultimate authorization by town meeting.

## Free Cash

The table and chart below show the last 10 years of Sudbury’s free cash certifications, which have been subject to a fair amount of fluctuation, perhaps to some degree related to the absence of a policy-dictated effort to pursue consistent levels year to year.

*Free Cash Certifications, FY2011-FY2020*

Fiscal Year	Prior Year General Fund Budget	Certified Free Cash Amounts	Free Cash % of PY GF Budget
2011	77,798,984	249,418	0.32%
2012	78,740,738	674,860	0.86%
2013	80,343,448	2,388,556	2.97%
2014	82,904,719	2,380,250	2.87%
2015	87,694,994	3,322,365	3.79%
2016	88,459,671	1,190,989	1.35%
2017	97,507,455	3,074,985	3.15%
2018	94,025,172	2,793,163	2.97%
2019	100,052,644	2,012,070	2.01%
2020	102,000,958	3,833,030	3.76%



4.00%  
3.50%  
3.00%  
2.50%

2.00%  
1.50%  
1.00%  
0.50%

0.00%



To their credit, the budget team have refrained from applying any free cash to ongoing operating expenditures and instead have mainly used it for capital projects. In fact, free cash has been Sudbury’s primary source of pay-as-you-go capital funding, even outweighing expenditures from the annual tax levy. Yet this entails some risk; the focus should be on ensuring primary reliance on the levy, since free cash cannot be assured as a recurring revenue source.

## Tax Levy

A primary reason for this review was the select board’s recognition of the need to source more capital funding from the tax levy. The SFPCCF’s report suggested a target goal of 2.5% of the levy dedicated to capital, while the budget team’s goal has been to achieve cash capital funding equal to 3% of the general fund budget. As will be discussed further in Section D, we agree that 3% is a sound, minimum target for cash capital funding.

Each year’s annual town meeting warrant has an article for the town manager’s capital budget. For this article, the budget team selects projects from the five-year capital plan that they see as affordable with a combination of tax levy dollars and free cash. The sum total of this article is the measure used to analyze capital spending against the 3% benchmark. Each year, the team also presents other capital plan projects in individual special articles. Most often, free cash is the proposed funding for these, but until a short time ago, capital exclusions were presented as options for moderate-cost projects as well. This is in addition to the debt exclusions for the most expensive projects that continued to be proposed through FY2020.

When examining pay-as-you-go project funding, most communities view it in terms of “cash capital,” which typically encompasses the use of the levy, free cash, and stabilization funds. As previously mentioned, free cash can reasonably count towards this goal when there are strong policies connected to it and careful management of budgets to try to secure consistent certification amounts. However, the primary cash capital source should come from the levy raised each year, and the table below shows the deficiency that has existed in this budget ratio.

*Capital Investment from Cash Sources, FY2016-FY2020*

Fiscal Year for Targets:	FY2016	FY2017	FY2018	FY2019	FY2020
Prior Year General Fund Budgets	88,459,671	97,507,455	94,025,172	100,052,644	102,000,958
<b>Capital Funding Sources</b>					
Tax Levy	392,750	404,000	413,190	422,000	745,000
Tax Levy Funding as % of PY GF Budget	0.44%	0.41%	0.44%	0.42%	0.73%
Free Cash	613,793	305,000	1,962,000	1,426,500	570,000
Transfers from Stabilization Funds	0	0	0	0	0
Total Cash Capital Funding	1,006,543	709,000	2,375,190	1,848,500	1,315,000
<b>Cash Capital % of PY GF Budgets</b>	<b>1.14%</b>	<b>0.73%</b>	<b>2.53%</b>	<b>1.85%</b>	<b>1.29%</b>

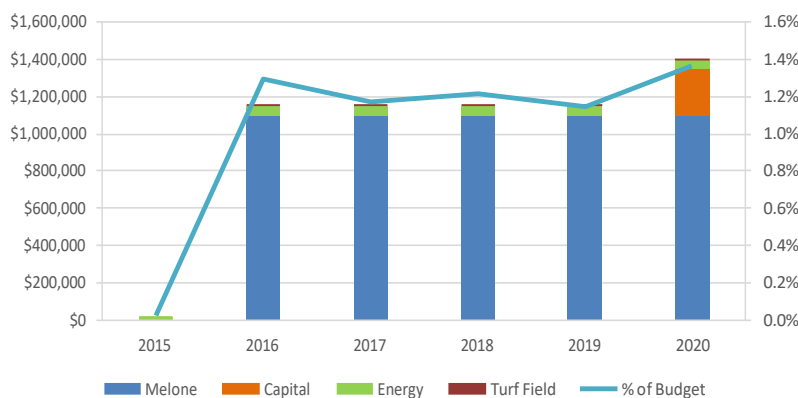


## Stabilization Funds

As shown above, stabilization funds have not financed any of the town's capital investment in the last five years. Until recently, the town's budgeters had not placed any formal emphasis on building up reserves dedicated to helping the town make purchases outright with cash as a counterweight to debt-supported expenditures. Only as of 2015 did the town begin to seek the planning advantages offered by special purpose stabilization funds as allowed under [M.G.L. c. 40, § 5B](#). Whereas the typical function of a general stabilization fund is to provide a reserve for emergencies or any future legal purpose, a special purpose stabilization fund sets aside monies for a specified intent.

The first of two funds authorized at the FY2015 annual town meeting was dedicated to supporting energy efficiency initiatives (starting with a \$20,000 appropriation) and the other to replace rolling stock (with an initial \$100). At the May 2019 annual town meeting, the latter fund was repurposed to be a broader-scope capital stabilization fund and received its first sizeable infusion of \$250,000. The preliminary budget for the upcoming annual town meeting for FY2021 proposes to match this appropriation. In FY2016, town meeting voted to close a revolving fund for the DPW's Melone property and transferred its balance of \$1.1 million into a new stabilization fund of the same name. Also established in FY2016 was a fund for the turf field at Curtis Park, though its balance is only \$100.

*Special Purpose Stabilization Funds as % of  
Prior Year General Fund Budgets, FY2015-FY2020*



As the chart above shows, the move toward using special purpose stabilization funds as savings accounts for future capital investment is a new trend in Sudbury. As these funds get built up to useful levels, however, they will become the more sustainable and transparently committed method for financing the capital plan as opposed to the current default option of free cash.

Improving upon the budget practices of the past will take some time and effort, but there has been a positive shift in planning practices in the past couple of years, particularly the greater focus on the tax levy and stabilizations funds. Below we offer guidance to continue this forward progress.



### **C-1. Align the capital plan with funding schemes that do not rely on exclusions**

In the first section of this report, we recommended the select board adopt a policy that defines restrictive circumstances for debt and capital exclusions. Given the data-driven trends outlined here, it should be apparent that the path the town has been on is unsustainable. Furthermore, the logistical requirement to submit an exclusion proposal to the electorate two times (at town meeting and in a referendum on another date) brings greater uncertainty to the likelihood that the associated item in the capital plan will get funded on schedule or at all. As project deferrals happen, pressure is added to future budgets and the risk of asset failures increases.

More effective budgetary and capital planning controls can be achieved by avoiding future exclusions and focusing on cash capital and within-levy debt funding options. Once the select board establishes capital funding targets in policy, it should hold the budget team accountable for implementing plans that make incremental progress toward those objectives. Beyond working toward the cash and debt targets, the town manager should also diligently pursue supplemental sources of investment, such as CPA and grants, and actively direct new revenue growth to capital needs. We discuss this more in Section D.

### **C-2. Continue to build reserves in capital-related special purpose stabilization funds**

With the long view in mind, we encourage the town to continue to build up the reserves that have been dedicated to capital purposes as a transparent, committed means to expand cash capacity and thereby offset future debt issuances. As stated in Section A, we suggest a minimum target level of 2% of the prior year's general fund revenues for all capital-related stabilization funds as a group, but it could be higher as capital needs are evaluated by local officials over time.

Although a two-thirds town meeting vote is needed to appropriate from a special purpose stabilization fund, this poses less of a hindrance to the capital plan than an exclusion with its requirement for separate votes at town meeting and at the ballot box. There is also a small expense involved with holding any town-wide election. Experience around the state has shown that voters are as much or more likely to approve a capital stabilization appropriation, particularly when local leaders are consistent in formally presenting to town meeting a rolling, five-year capital plan showing the community's long-range needs and associated financing strategies.

By accumulating cash over time in a special purpose stabilization fund, the town can begin to pay outright for projects of moderate cost and preserve debt capacity for the most expensive projects. The town also saves on the interest costs associated with debt. This strategy helps build confidence in government by directly addressing resident concerns and providing assurance that money

appropriated for a particular purpose will be used for that purpose and not diverted elsewhere.

Particularly in a community like Sudbury that has yet to build up significantly high reserve levels, it makes sense to limit the number of stabilization funds to a small few that have clear but broadly defined purposes. For example, it is better to pool resources into a capital stabilization fund that supports the CIP's encompassing multiyear plan, rather than dividing monies up into multiple, more restrictive funds.

### **C-3. Close the Melone fund and transfer its balance to the capital stabilization fund**

As approved by town meeting in May 2015, the purpose of the fund for the Melone property was to make improvements to this former gravel yard for future municipal use or sale, but none of the \$1.1 million in the fund was ever expended. At a special town meeting in December 2018, voters approved an article to sell the property but also rejected a subsequent article to convert the fund's purpose to developing Broadacres and other town center parcels for "future municipal, recreational, open space and conservation uses." With the Melone sale, the town has now a considerable amount of dormant "available funds," which are in fact not available for appropriation due to having no valid authorized purpose. We therefore recommend the select board sponsor a new warrant article proposing to transfer the Melone fund balance to the capital stabilization fund. If the already pending article to appropriate another \$250,000 to the capital stabilization fund passes this spring, it would then have a total balance of \$1.6 million, or 1.5% of the current general fund budget.

### **C-4. Close the surplus vehicles revolving fund**

In May 2019, town meeting voters approved an article to create a new revolving fund under [M.G.L. c. 44, § 53E½](#) for surplus vehicles and equipment used by the police, fire, and public works departments. Since the approved fund required a new bylaw for implementation, the town clerk submitted the certified vote for the review of the state attorney general's office as required by [M.G.L. c. 40, § 32](#). Citing DLS legal opinion, the attorney general's office sent a letter to the town clerk dated August 14, 2019, which disallowed the new bylaw.

At issue is the nature of the money received from the sale of movable property. [M.G.L. c. 44, § 53](#) requires all revenues to be deposited in the general fund unless a separate law provides for an alternative accounting. A revolving fund cannot provide an alternative treatment for the revenue in this instance, however, since the 53E½ statute pertains only to fees charged for services, which in no sense correlates to vehicle and equipment sales.

To retain these revenues for future purchases of the same types of assets, the select board could sponsor a warrant article to accept the fourth paragraph of [M.G.L. c. 40 § 5B](#) and specify a percentage of each sale that will be dedicated, without further appropriation, to the capital stabilization fund. This

dedication requires a two-thirds approval by town meeting prior to the first fiscal year it will apply, must remain in effect for at least three fiscal years, and can be terminated in the same manner as approval.



## D. CAPITAL FORECAST

The fourth component of a comprehensive CIP is a capital forecast, which is an extension of the multiyear financial forecast that every town should annually maintain and update. The budget team would use the capital forecast to inform and try out various “what-if” financing scenarios for the projects listed in the capital plan. However, because the scope of this review did not encompass the town’s overall financial forecast, this section of the report will not provide an in-depth capital forecast analysis. Instead, it will present some additional guidance regarding options available for steering future budgets toward expanded capital financing capacity.

### Capital Funding Targets

To have a successful CIP requires a community to develop its annual budgets with the intent of ensuring the due allocation of funds toward capital investment. Given the wide scope of services Sudbury provides and its access to low borrowing rates, we advise that the minimum level of capital funding the town should seek to achieve and then maintain year to year should be equivalent to 6% of the prior year’s general fund revenue, drawn equally from within-levy debt and cash capital sources. Beyond this minimum target, the town should seek to further enhance its capital investment by supplementing it with other revenue streams, such as the CPA program, state and federal grants, donations as they are offered, and so on. The table below shows the gaps between the town’s recent capital investment totals and the recommended targets.

*General Fund Capital Investment  
vs. Target Funding Levels, FY2018-FY2020*

	FY2018	FY2019	FY2020	
Prior Year General Fund Revenues:	94,025,172	100,052,644	102,000,958	
<b>Capital Funding Sources</b>				<b>Targets</b>
Excluded Debt	3,297,860	2,945,115	2,935,815	Excluded Debt
% of prior year revenues	3.51%	2.94%	2.88%	no target
Nonexcluded Debt	155,190	155,510	154,610	Nonexcluded Debt
% of prior year revenues	0.17%	0.16%	0.15%	3%
Free Cash + Tax Levy	1,962,000 413,190	1,426,500 422,000	570,000 745,000	Cash Capital
Cash Capital Total	2,375,190	1,848,500	1,315,000	3%
% of prior year revenues	2.53%	1.85%	1.29%	
Capital Total	5,828,240	4,949,125	4,405,425	Capital Total
% of prior year revenues	6.20%	4.95%	4.32%	6%

By avoiding future exclusions and working toward these budget targets, the town can institutionalize a sustainable, long-term strategy to pay for its buildings, equipment, infrastructure, and other capital needs within the general fund budget. Without a doubt, achieving this will be a long-term endeavor, but it is critical that the select board have the town manager direct this effort. It will require the budget team to dutifully carve out an incrementally increasing capital-dedicated budget margin by

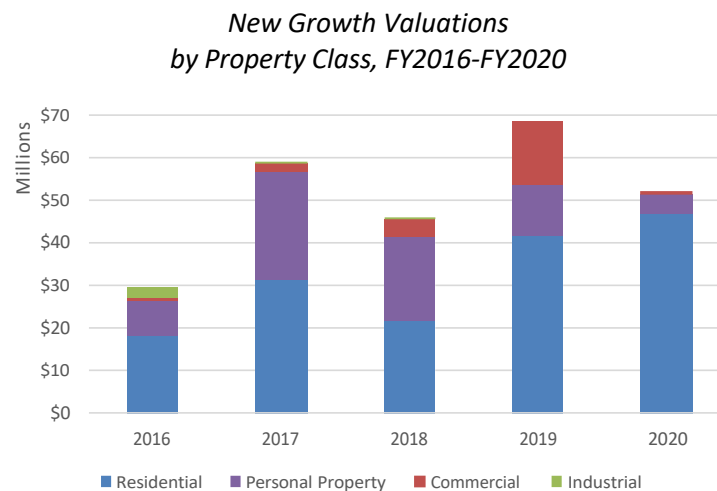
ensuring the maximum amount of revenue growth is applied in that direction and holding a hard line

on operating budgets as well. Furthermore, by establishing these goals in policy, the board can help ensure a lasting commitment in future years even as board members may change.

To assist the town, we are transmitting with this report a Capital Targets Tool in an Excel file. The budget team can use this to input desired cash capital and debt service funding targets for future budget years and view the resulting dollar impacts. It is also set up so that as debt service matures, the related dollars can be directed to reserves. For initial demonstration purposes, we preloaded the workbook with Sudbury's actual and budgeted revenue, debt service, and capital expenditure data for FY2017-FY2021. As a starting point, the revenue projections for FY2021-FY2030 have been based on 2.5% annual levy increases and smaller increases in other revenue sources, and the debt service amounts were taken from estimates contained in the finance director's debt schedule. If the town implements the tool, the finance director should link it to his financial forecast to enable the updating of revenue projections as new information becomes available.

## New Growth

The Proposition 2½ new growth provision allows communities to increase the annual levy limit beyond the automatic 2.5% based on new construction, properties with physical improvements, and other additions to the tax base, including new personal property. The chart below shows the new growth value by property class that has been added in recent years to Sudbury's tax base.



One way for the town to steer budget money to capital needs is by attempting to dedicate 50 to 75% of all new growth levy amounts to capital expenditures or reserves. A policy target for this might remain somewhat informal year to year because, depending on the nature of the new growth in a given year, the associated impact on expenses (e.g., costs related to education, public safety, infrastructure, etc.) can vary. The intention should be to make capital needs a top priority for new growth revenue and maximize it as much as possible, even if the budgetary effect might be very slight

given Sudbury's low likelihood for ample amounts of new growth year after year.

A new growth rate that represents 2% annual increases over prior year levies is one gauge for determining if a town's growth can keep up with expenses. Unfortunately for Sudbury, consistent, substantial increases in new growth are usually related to sustained patterns of development in commercial or residential real estate, which tends not to be locally encouraged, given a prevalent desire to retain the town's existing character. The tables below show Sudbury's new growth trend in the last five years and how its five-year average compares to the peer group.

*New Growth Levy Dollars  
as % of Prior Year Levies, FY2016-FY2020*

Fiscal Year	New Growth	Prior Year Levy	NG as % of PY Levy
2016	601,228	71,784,968	0.84%
2017	1,248,532	74,180,820	1.68%
2018	983,400	77,283,873	1.27%
2019	1,401,700	81,276,640	1.72%
2020	963,941	84,710,256	1.14%
<b>Averages:</b>	1,039,760		1.34%

*As Compared to the Peers'  
5-Year Averages for the Same Ratio*

Town	5-yr Avg. Ratio
Wayland	1.04%
Acton	1.24%
Hingham	1.26%
Scituate	1.28%
<b>Sudbury</b>	<b>1.34%</b>
Duxbury	1.37%
Concord	1.57%
Bedford	2.52%
Westwood	2.95%
Hopkinton	3.81%

### CPA Trend

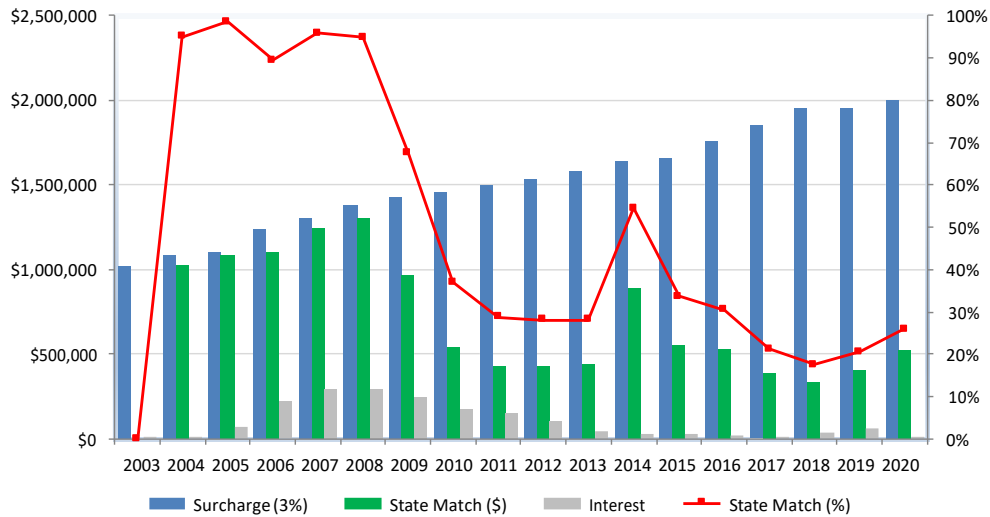
Given the major role the CPA program has played in the town's CIP, a review of its history from global and local perspectives has merit. The Massachusetts legislature enacted the Community Preservation Act, [M.G.L. Chapter 44B](#), a little more than 20 years ago to encourage and assist cities and towns in preserving aspects of their local character. To do this, the Act allows each adopting community to implement a tax levy surcharge to raise funds dedicated to investment in assets that otherwise would often have trouble competing for dollars within municipal capital plans, such as historic and open space properties.

Part of the encouragement to adopt the CPA surcharge was the promise of funding matches from the state. The state's CPA Trust Fund, which provides this distribution, draws its revenue mostly from fees charged on certain real estate transactions at the Registry of Deeds. Over time, as more communities adopted the Act (now about 50% of the state), the proportional matches became smaller, apart from a few years in which the legislature supplemented the fund.

Sudbury's voters approved the highest possible CPA surcharge of 3% at the time the town adopted the Act in 2003, whereas the average surcharge in the state and among Sudbury's peer towns is 1.5%. The town is also one of only 17 CPA municipalities (10% of the total) that elected to give surcharge exemptions to certain classes of commercial and industrial properties. Sudbury's entire CPA revenue

history is illustrated in the chart on the next page.

Local CPA Revenues and State Matches, FY2003-FY2020



The chart shows the overall low level of state matches the town has been receiving in the past decade. A recent, permanent increase to the relevant Registry fees means that communities will start to see higher matches beginning in FY2021. At the same time though, Sudbury’s community wealth works against it in the proportional formula used to calculate the amounts distributed to each municipality. Regardless, as a helpful planning resource the Community Preservation Coalition has posted its projections of the new state matches for each community on its website at <https://www.communitypreservation.org/home/news/cpa-trust-fund-increase-what-happens-now>

### Stabilization Fund Override

One of the discussion points in the SFPCCF’s January 2019 report to the select board was the prospect of a stabilization fund override providing a means to raise funds dedicated to capital improvements. This type of override allows a community to raise an additional levy amount beyond the annual Proposition 2½ limit for the purpose of funding a specific stabilization fund that has been established by town meeting.

For Sudbury’s goals, if the town chose to pursue this, it would make sense to designate the override to build the balance in the capital stabilization fund. In each year after the approval of this type of override, the select board must vote by two-thirds to either continue the additional tax earmarked for the fund, lower it, or defer it. The additional tax that can be appropriated for any given year is limited to 102.5% of the amount last appropriated by the select board. The following provides an example of the way this works:

- In a town-wide referendum, voters approve a levy limit override to raise \$100,000 for the capital stabilization fund for FY2021.

- Town meeting appropriates \$100,000 from the FY2021 tax levy to the stabilization fund.



- In FY2022, \$102,500 is available for "appropriation" by the select board, which appropriates the entire amount.
- In FY2023, \$105,062 is now available (1.025 x the FY2022 appropriation of \$102,500), but the select board decides to appropriate only \$80,000.
- The amount available in FY2024 now becomes \$82,000 (1.025 x FY2023 appropriation of \$80,000), but no FY2024 appropriation is made.
- The amount available in FY2025 is \$82,000 (1.025 x last appropriation made, i.e., FY2023's \$80,000 appropriation).

A stabilization fund override is like a general override in that the additional tax revenue can be raised yearly without holding further referendums, but it differs in that this increase to the levy limit need not be permanent. Only 12 communities have approved this type of override, some for multiple funds, as shown below.

*Communities that have approved Stabilization Fund Overrides*

Municipality	Purpose of Stabilizaiton Fund	Vote Date	Original Amount Voted	Applicable Fiscal Years	Total Years	Total Raised
Aquinnah	Major improvements to town properties	5/14/2008	15,000	2011-2018	9	131,040
Berkley	Fund sending tuition costs	5/06/2006	800,000	2007-2020	14	12,310,037
Berkley	Support regional high school	6/26/2010	500,000	2011-2020	10	8,268,563
Grafton	Roads	6/14/2014	1,500,000	2015-2020	6	9,000,000
Medfield	Funding municipal buildings	6/11/2018	1,000,000	2019-2020	2	2,025,000
Oakham	Assessors' revaluation costs	6/23/2017	5,000	2018-2019	2	10,125
Orleans	Drainage infrastructure system	5/17/2011	150,000	2012-2020	9	1,493,076
Orleans	Pavement management program	5/17/2011	300,000	2012-2020	9	2,986,296
Paxton	Road improvements	5/09/2016	100,000	2017-2020	4	415,251
Pelham	Equipment	6/19/2008	200,000	2009-2020	12	2,547,224
Rowe	Capital stabilization fund	5/19/2007	150,000	2008-2020	13	2,109,529
Sunderland	Capital stabilization fund	5/03/2014	100,000	2015-2020	6	638,774
Sutton	Capital stabilization fund	5/22/2007	475,000	2008-2020	13	7,191,708
Tisbury	Ambulance service capital	5/13/2014	35,000	2015-2020	6	210,000
Tisbury	Fire department capital	5/13/2014	100,000	2015-2020	6	500,000
Tisbury	DPW capital	5/13/2014	50,000	2015-2020	6	300,000

For further guidance on stabilization fund overrides, refer to the Information Guideline Release [17-20](#) published by DLS.





**APPENDIX: Capital Project Request Form**

Department/Committee:	Department or Committee Name		
Requested By:	Requester		
Request Date:	Request date		
Project Request:	Item/Project Name		
Asset Category:	Choose an asset category		
Priority:	Choose the priority		
<b>Capital project description:</b> Enter a description of your request. Attach quotes, pictures, or additional details			
Purpose:	Choose one		
Date needed by:	Need by date		
<b>Benefit</b> Describe the benefit of this request to your department or the community			
Estimated Project Cost:	\$Enter total project cost.		
Funding Request by Year:	FY2021 \$Cost in year 1    FY2024 \$Cost in year 4 FY2022 \$Cost in year 2    FY2025 \$Cost in year 5 FY2023 \$Cost in year 3		
Describe any discounts or cost reductions (trade-ins, etc.) Provide any reductions to the total requested cost			
Are there available revenue sources or grants other than Town funds? Identify available revenue sources (excluding tax levy, free cash, and stabilization funds)			
Consequence on your department of delaying purchase/project Describe any operational impact if your request is delayed or denied			
Describe the effect of this purchase or project on your operating budget by fiscal year for the next 3 fiscal years			
<u>Personnel Budget</u>		<u>Expense Budget</u>	
Increase/(Decrease)	Fiscal Year	Increase/(Decrease)	Fiscal Year
\$Enter amount	Enter fiscal year	\$Enter amount	Enter fiscal year
\$Enter amount	Enter fiscal year	\$Enter amount	Enter fiscal year
\$Enter amount	Enter fiscal year	\$Enter amount	Enter fiscal year

Section	Sub-Section	Recommendation	Adopt Yes/No	Bylaw/Town Meeting/Policy	Delivery date	Owner/Manager	Resources
A. Financial Policies	A-1	Adopt a full-scope Annual Budget policy		Policy			
A. Financial Policies	A-2	Adopt a consolidated Reserves policy and set prudent target levels		Policy			
A. Financial Policies	A-3	Set a year-to-year debt funding target within the general fund budget		Policy			
A. Financial Policies	A-4	Clearly define what projects are included in the capital plan		Policy			
A. Financial Policies	A-5	Establish an ordered list for prioritizing capital projects		Policy			
B. Capital Planning Procedures	B-1	Budget for maintenance costs within department-level capital line items					
B. Capital Planning Procedures	B-2	Remove LSRHS from the town's capital plan					
B. Capital Planning Procedures	B-3	Expand the information captured on capital project submission sheets					
B. Capital Planning Procedures	B-4	Reconsider the Capital Planning bylaw		Bylaw			
C. Funding Strategies	C-1	Align the capital plan with funding schemes that do not rely on exclusions					
C. Funding Strategies	C-2	Continue to build reserves in capital-related special purpose stabilization funds					
C. Funding Strategies	C-3	Close the Melone fund and transfer its balance to the capital stabilization fund		Town Meeting			
C. Funding Strategies	C-4	Close the surplus vehicles revolving fund		Town Meeting			
D. Capital Forecast	Capital Funding Targets	Utilize a Capital Targets Tool and link to financial forecast					
D. Capital Forecast	New Growth	Dedicate 50-75% of all new growth levy amounts to capital expenditures or reserves					
D. Capital Forecast	Stabilization Fund Override	Stabilization fund override to build balance in the capital stabilization fund		Town Meeting			

Sources:

[Link to DLS Report April 2020: https://s3-us-west-2.amazonaws.com/cdn.sudbury.ma.us/wp-content/uploads/sites/260/2020/08/Sudbury\\_Capital\\_Report\\_DLS.pdf?version=77abcfcb91cafc53f28a00d8a3f2095](https://s3-us-west-2.amazonaws.com/cdn.sudbury.ma.us/wp-content/uploads/sites/260/2020/08/Sudbury_Capital_Report_DLS.pdf?version=77abcfcb91cafc53f28a00d8a3f2095)

[Link to DLS Capital Targets Workbook: https://sudbury.sharefile.com/share/view/sdef47ec7fcb48a38](https://sudbury.sharefile.com/share/view/sdef47ec7fcb48a38)

[Link to Community Compact Cabinet Reports: https://www.mass.gov/service-details/community-compact-cabinet-reports](https://www.mass.gov/service-details/community-compact-cabinet-reports)

[Link to S&P Report June 2020: https://www.mass.gov/service-details/community-compact-cabinet-report](https://www.mass.gov/service-details/community-compact-cabinet-report)

[Link to SFPCCP Jan 2019: https://sudbury.ma.us/sfpccf/sfpccf\\_01222019\\_bos\\_presentation/](https://sudbury.ma.us/sfpccf/sfpccf_01222019_bos_presentation/)

Sub-Section	Recommendation	Goal	12/8/2020	1/5/2021
A-1	Adopt a full-scope Annual Budget policy		Enterprise funds policies	Intent is to generate retained earnings, goal is not to breakeven every year.
A-2	Adopt a consolidated Reserves policy and set prudent target levels	Establish a goal of endeavoring to realize annual free cash certifications equivalent to 3-5% of prior year general fund revenues.		Is 3-5% of the annual budget a good number?
A-2	Adopt a consolidated Reserves policy and set prudent target levels	Achieve and maintain a combined target balance for all capital-related special purpose stabilization funds equal to 2% of prior year general fund revenues.	Long range target - 3%	Melone (\$1.1), capital stabilization (\$500k) and field/turf stabilization
A-2	Adopt a consolidated Reserves policy and set prudent target levels	Spell out the specific appropriate usages for each type of reserve.		
A-2	Adopt a consolidated Reserves policy and set prudent target levels	Set a retained earnings target for any enterprise fund not subsidized by the general fund.	Consolidate special reserve funds to capital s tabilization fund?	
A-2	Adopt a consolidated Reserves policy and set prudent target levels	Include a statement tht the select board will request an annual update from the Board of Assessors on the balance of the overlay account.	Yes	
A-3	Set a year-to-year debt funding target within the general fund budget	Ensure that the new policy has provisions that state the objective to gradually and consistently pursue future debt issuances financed by within-levy dollars and set a debt service target range to be achieved and maintained.	Template sets limits but doesn't address ho w.	
A-4	Clearly define what projects are included in the capital plan		Define capital	
A-5	Establish an ordered list for prioritizing capital projects			

Sub-Section	Recommendation	Goal
B-1	Budget for maintenance costs within department-level capital line items	Not all depts have budget built in. Town Manager's capital budget as a source.
B-2	Remove LSRHS from the town's capital plan	Contracts, maintenance, 3rd party user fees, understand capital plan/asset sheet
B-3	Expand the information captured on capital project submission sheets	Yes
B-4	Reconsider the Capital Planning bylaw	CIAC

Sub-Section	Recommendation	Goal	12/8/2020
C-1	Align the capital plan with funding schemes that do not rely on exclusions		Yes
C-2	Continue to build reserves in capital-related special purpose stabilization funds		Yes
C-3	Close the Melone fund and transfer its balance to the capital stabilization fund		Town meeting vote
C-4	Close the surplus vehicles revolving fund		Yes - TM 2021, % of sale to capital stabilization fund (p. 21)
	*CPA		Not controlled/predictable by Town



Sub-Section	Recommendation	Goal
Capital Funding Targets	Utilize a Capital Targets Tool and link to financial forecast	Future?
New Growth	Dedicate 50-75% of all new growth levy amounts to capital expenditures or reserves	Informal
Stabilization Fund Override	Stabilization fund override to build balance in the capital stabilization fund	

## CAPITAL ASSETS IN SUDBURY DEFINED FOR CAPITAL IMPROVEMENT PROGRAM

01/05/21

### Proposal for Sudbury Capital Asset “Definition”

Capital Assets are the community-owned collection of significant, long-lasting, and expensive real and personal property used in the operation of government, including land and land improvements; infrastructure, such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. In order to be included in Sudbury’s Capital Improvement Program, Capital Assets must cost \$20,000 or more and have a useful life of 5 or more years. Items or improvements that do not meet this threshold should be included within the Town’s operating budget.

*To consider:* Capital maintenance costs should be budgeted within department-level capital line items instead of being included in the Capital Improvement Program.

### DEFINITION REFERENCE

#### Department of Local Services Sudbury Review of Capital Improvement Program April 2020

Capital assets are the community-owned collection of significant, long-lasting, and expensive real and personal property, such as land, buildings, equipment, infrastructure, and rolling stock.

Capital Improvement Program is a risk management framework for ensuring these assets can continuously, efficiently, and effectively provide desired services according to a well-thought-out, economical plan.

“Given Sudbury’s overall budget size, range of services, and scale of capital assets, most, if not all the major departments should have an annual capital line item for their necessary maintenance budgets.”

#### Department of Revenue/Division of Local Services Municipal Glossary January 2020

Capital Asset – Any tangible property used in the operation of government that is not easily converted into cash and that has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure, such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and minimum initial cost.

Capital Budget – An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method to finance each recommended expenditure (e.g., tax levy or rates) and identify those items that were not recommended.

Capital Improvement Program – A blueprint for planning a community's capital expenditures that comprises an annual capital budget and a five-year capital plan. It coordinates community planning,

fiscal capacity, and physical development. While all the community's needs should be identified in the program, there is a set of criteria that prioritize the expenditures.

**Town of Sudbury Financial Policies Manual draft December 2020**

In Sudbury, the CIP shall not include items that cost less than \$20,000 or have a useful life of less than 5 years. Items that do not meet this threshold should be included within the Town's operating budget.

DRAFT