



Town of Sudbury

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Strategic Financial Planning Committee for Capital Funding MINUTES

Thursday December 5, 2013

8:00 AM – 10:00 AM

Silva Room, 278 Old Sudbury Road

Present: (14 members on committee)

Maryanne Bilodeau (ATM/HR Dir), Glenn Fratto (LS Finance Director), James Kelly (Combined Facilities Dir), Kevin Matthews (LS School Committee), Lawrence O'Brien (BOS), Andrew Sullivan (FinCom), Andrea Terkelsen (Finance Dir), Thomas Travers (CIAC), Maureen Valente (Town Manager), Mary Will (SPS Finance Dir), Charles Woodard (BOS), Robert G. Stein (FinCom)

Absent: Robert Armour (SPS School Committee), Jeff Barker (CIAC)

The statutory requirements as to notice having been complied with, the meeting was convened at 8:02 a.m.

- **Approve prior meeting minutes**

Tom Travers moved to approve minutes from November 14, 2013 meeting as presented.

Chuck Woodard seconded the motion.

All voted in favor of the motion.

- **Confirm schedule of future meetings (all at 8am):**

- December 19
- January 9
- January 23
- January 30

All members of the committee agreed that this schedule for future meetings was okay.

- **Municipal Finance tutorial scheduling**

A municipal finance tutorial will be presented on 6:30 p.m. on Monday, December 16th, at the Goodnow Library before the 7:30 p.m. FinCom Meeting.

Maureen Valente will take care of reserving the room, talk with Doug Kohen, Chairman of Finance Committee, and send out invitations to members of this committee, the CIAC, FinCom, LS and SPS School Committees.

- **Review and discussion of the projected 10 year capital spending need**
- **Review of historical capital spending levels**

- **Review and discussion of 10 year capital financing scenarios**
- **Communications and taxpayer education**

Chuck Woodard reviewed that our mission is to come up with a funding plan so as to have a somewhat even impact on future tax bills.

It was pointed out that all of these projects being discussed are real needs and not a wish list. All of these projects have come from long studies. The items discussed are assets that are deteriorating and are in dire need of repair.

The group reviewed the Rolling Stock spreadsheet on page 86.

The need for Rolling Stock was discussed in detail. It makes sense to look at rolling stock separately from building projects (bricks and mortar). Tom Travers mentioned that he would love to see a sinking fund or stabilization fund where we put a certain amount of money aside each year so that we can pay for the vehicles when we need them and not just when we're desperate.

The committee then reviewed the items on page 84 (Capital Exclusion Items - Projects between \$50,000 and \$1,000,000)

Maureen mentioned that item #6002 Landham Road Traffic Signal will be funded by the state which takes \$750,000 off the total for FY15.

Tom Travers mentioned that the Library Foundation has been raising money to help fund carpeting at the Library...that could also mean potentially reducing some amounts that are on this listing. Maureen Valente offered to review and update this list on page 84.

Kevin Matthews said that the technology needed at LS could easily fill in to level the Town's declining debt in FY15.

Larry O'Brien said we'll have to look at all of this together to see how we take care of all these needs.

Andrea Terkelsen shared that for each \$1,000,000 of debt service it costs the taxpayer \$160 on the average tax bill. In 2002 we had \$7.8 million in combined debt service which had an average impact of \$1,235 per tax payer. There is a chart on page 21 of the Strategic Financial Planning report that shows our Debt Service back to FY02.

Chuck Woodard mentioned there has been a continued decline in our capital spending which needs to bottom out at some point. It's not in the best interest of our residents to let our capital spending continue to decline.

He continued to say that with our debt service dropping off we may be able to take care of capital needs at least in the near term without a significant increase in taxes, if any.

Chuck reviewed his spending scenarios outlined in the handout.

It was agreed that Scenario 1 doesn't work.

Scenario 2 doesn't really look great either because by FY 19 we'd have a huge spike in debt service which defeats the goal of finding a way to level out our capital spending including debt service while still taking care of our needs.

Scenario 3 works better with leveling our debt service.

Maureen asked Chuck Woodard if he was saying that we should use our FY 14 debt service as our line in the sand. Chuck concurred that was a good point and was certainly worth discussing.

Chuck asked what everyone thought. Glenn Fratto said this is brilliant and makes perfect sense. Bob Stein feels that projects should stand on their own merit and we shouldn't say we're doing this because we have available money due to debt service dropping but instead that we are asking for these projects because we need them completed. A general discussion of what constitutes due diligence in reviewing projects, full information to taxpayers about how to pay for projects, and the need to educate taxpayers on capital needs should be considered carefully.

The consensus of the group was that the Town has 24 buildings, rolling stock and other needs that have not had the proper capital needs addressed and that we are in a serious situation and now is the time to address these needs.

Continuing on the agenda, Chuck Woodard asked if \$5,501,018 (Referencing page 2 of his handout) is a comfortable amount for what we should be spending on our capital needs. This seemed to make sense to the group.

Maureen Valente said that if we compare our total outstanding debt as a percent of our total assessed value to our comparable communities, Sudbury is at the low end. This is referenced on page 2 of the Town Manager's October 2013 newsletter.

It was clarified by Chuck Woodard that the CIAC recommends the projects and our group recommends the funding.

Maureen Valente referred to pages 33 to 35 of the Strategic Financial Planning Report which talks about different ways of funding rolling stock and capital needs under \$50,000.

- **Financing strategies and issues:**
 - **Capital Stabilization fund**
 - **Free Cash**
 - **Debt policies with regard to the funding of capital spending**

The Committee discussed Special Purpose Stabilization Funds referred to on pages 79 and 80 in the Strategic Financial Planning Report. To use money from this type of account needs a 2/3's vote at Town Meeting.

Kevin Matthew asked if we could see what the impact would be to the tax rate with these various scenarios. Maureen mentioned that in the warrant each year we have a chart that shows what the impact of different spending has to the average tax bill and we will provide a copy of that at the next meeting.

Andrea said that debt of \$4,668,749 (referenced on page 4 of Chuck's handout) is about \$700 on the average tax bill.

Chuck Woodard said that we have several "To Do's" that need to be done.

-go to tutorial on 12/16;

-next meeting talk about how capital stabilization fund works along with the benefits and
-risks;

-refine Chuck's worksheets;

-talk about funding policies;

-create a smaller working subcommittee to work on some more scenarios to come up with a more defined plan and look at a capital stabilization fund; volunteers for working group are
Chuck Woodard; Glenn Fratto; Tom Travers or Jeff Barker; Bob Stein; Andrea Terkelsen
and Mary Will;

Maureen suggested we start with \$4.7 million dollar amount on page 4 of Chuck's handout.

Andrew Sullivan mentioned that we have not talked about the sewer or rail trail. After general discussion,

Maureen Valente noted we should start with highlighting those capital items that are of dire need and that if not taken care of would have a detrimental impact, (i.e.: DPW vehicles that we'd have to take off the road if they aren't replaced.)

Andrew Sullivan felt we should earmark \$15 million for the potential Route 20 Sewer Project.

During discussion it was mentioned that the mission of this Committee is to present a recommendation, get it approved and the Committee would then be dissolved.

Because a couple of committee members were not able to attend other members will let them know what was discussed at this meeting. Mary Will can update Bob Armour and Tom Travers will update Jeff Barker as to what transpired at today's meeting.

Meeting adjourned at 9:57 a.m.