

Finance Committee Meeting
Thursday, November 13, 2014
Minutes

Chairman John F. Doherty called the meeting to order at 7:00 p.m. Members present were Theresa M Manganelli, Robert P. Palmer, Bernard P. Nally, Richard K. Hayden, Jonathan R. Eaton, William Wallace. Members excused: Victoria L. Ellsworth, Jordan Weiner.

Also Present: Jeffery Hull, Town Manager, Mike Morris, Accountant

Mr. Doherty– Acceptance of previous minutes:

February 4, 2014 – Ms. Manganelli makes motion to except minutes as written, 2nd by Mr. Wallace. No discussion or comment. Approved unanimously.

February 6, 2014 - Mr. Wallace makes motion to except minutes as written, 2nd by Mr. Eaton No discussion or comment. Approved unanimously.

February 11, 2014 – Mr. Eaton makes motion to except minutes as written, 2nd by Mr. Wallace. No discussion or comment. Approved unanimously.

February 18, 2014 – Mr. Wallace makes motion to except minutes as written, 2nd by Ms. Manganelli. No discussion or comment. Approved unanimously.

February 25, 2014 – Ms. Manganelli makes motion to except minutes as written, 2nd by Mr. Nally No discussion or comment. All in favor with one abstention. Passes.

March 13, 2014 – Mr. Eaton makes motion to except minutes as written, 2nd by Mr. Wallace. No discussion or comment. All in favor with one abstention. Passes.

March 18, 2014 – Ms. Manganelli makes motion to except minutes as written, 2nd by Mr. Palmer. No discussion or comment. Approved unanimously.

March 20, 2014 – Mr. Wallace makes motion to except minutes as written, 2nd by Mr. Eaton. No discussion or comment. All in favor with one abstention. Passes.

Mr. Morris – Briefly reviewed FY2014. Ended year with free cash balance of \$14,482,000. Last year free cash was approximately \$14,200,000; of which the Town used \$750,000 to fund OPEB and retirement accounts, and \$1,725,000 to purchase land at St. Dorothy's. Brief discussion on funds and reserves used for overages, snowplowing and expense accounts.

Mr. Wallace – Asked if going into the New Year are there vacancies. Yes, on Police and Fire.

Mr. Hayden – Asked if there is always someone on the list. The list stays current for two to six months.

Mr. Doherty – Asked if there are any restrictions within the contract to change how we advertise for firefighters; whether we can advertise for experienced firefighters. The Town requests the EMT civil service list.

Mr. Nally – Notes a candidate needs to be sponsored by a hiring community to go to the academy.

Mr. Doherty – States that he has seen other Towns advertise for civil service workers. The Town has to approve lateral movement of employees. Brief discussion of overtime cost generated by vacancies, and the offset savings generated in regular salaries line items.

Mr. Wallace – Asked if the Town has Free Cash of \$14,482,000, are there plans to use free cash or budget for Yentile and any upcoming purchases. It has not been finalized. Expects Yentile will be funded through free cash and some measure of borrowing.

Mr. Wallace – Asked how much free cash will be coming from next year's budget. It is too early to tell.

Mr. Doherty – Asked how long the note for Yentile would be. It would be longer than 10 years due to depreciation and that it is expected to be rolled into other borrowing.

Mr. Wallace – Asked if we will have to put more money to unfunded pensions. This will be needed for the foreseeable future.

Mr. Wallace – Inquired if the State has done anything to help fund for pensions and health benefits. OPEB is related to covering the cost of retiree medical care. Brief discussion on pension and health benefit funds from the State.

Mr. Wallace – Asked which union contracts are up. Everyone is up except Dispatch.

Mr. Wallace – Asked about the schools contracts. Teachers are set. Not sure of all their contracts.

Mr. Morris – Reviewed Revenue. Received \$600,000 more income from personal property tax. Will be over \$300,000 with additional restaurants in Town. Motor vehicle excise went up. Inspections were up mainly due to Target. Received \$300,000 reimbursement from Medicaid and School Transportation.

Mr. Wallace – Stated that the Town of Sudbury voted and was allowed to give tax relief to elderly based on age, had to be a member of the community for 10yrs. They were able to get this through to have a different tax rate for the elderly. Town Manager will check into that.

Mr. Morris – Reviewed FY15 budget. Costs are coming in as anticipated. Watching Police and Fire overtime. Brief discussion regarding Essex Agricultural funds and transportation and the laws to attend other schools.

Mr. Doherty – Read Article 1.

Mr. Nally – Asked who owns rink. Bernie Ristuccia does.

Mr. Hull – Gave a brief history of the rink. Explained the breakdown of costs and revenue projections. The lease requires that Years 1-3 would be obligated to Mr. Rotondo. Under current agreement would generate revenue of \$12,000 a month. The Town will issue debt service on anticipation notes followed up by permanent financing. Interest rates estimated are a little higher than we see now. Enterprise fund will be established for all revenue and expenses to go to. The Town could supplement. The budget is based on old records and other towns with public rinks.

Mr. Wallace – Asked what the three different articles are. Article 1 is to obtain authorization to appropriate and borrow the money to purchase rink. The lease with Rotondo Enterprise was extended for three years runs through August 2018. It permits Mr. Rotondo to remain in the rink until that time. There is a right of first refusal if the Town makes an offer to Mr. Ristuccia, than Rotondo Enterprises has the right to match that offer. One thing to be careful of is not to make an offer to trigger that provision. To answer the question of the amount we are looking for, we believe the value would be up to \$2,250,000, subject to conversations with Mr. Ristuccia in June of 2015.

Mr. Hull – Explained if negotiations take place before the right of first refusal which is good until May 31, 2015. Mr. Ristuccia has to give the same offer to Mr. Rotondo.

Mr. Eaton – Asked why we are doing this now. Due to budget development timeline, we have to know if the rink will be a component to the budget. If the article passes we will seek seed money for any costs needed to run rink. We need time to determine whether we will have a management company or Town employees run it.

Mr. Doherty – Asked who will maintain the building. Rotondo will maintain equipment and building. There is also an escrow account if terms of the lease are not met. Mr. Ristuccia has indicated that he is interested in working with the Town and wants to work something out. If Town gets the vote and reaches agreement, the terms will be dictated by the terms of the lease for the next 3 years. This is for the long term.

Mr. Nally – Confirmed that because they are a private corporation they are not required to give numbers. That is true and is why we have only have 2001-2005.

Mr. Morris – Explains that he has checked with other towns for ice time rates. The numbers used are conservative.

Mr. Hayden- Asked if this assumes no Bruins. It does not reflect the Bruins as a sublease.

Mr. Doherty – In the terms of the lease if Town does purchase, asked if the lease will need to file financials to the owner or does the owner just get \$12,000 month. Rotondo is not required to file financials.

Mr. Doherty – Asked if there is a hold harmless agreement within the lease. The owner has it.

Mr. Hull – In talking to Reading, Burlington, Billerica, Arlington, the indications are it is a viable business. This is a great opportunity. Having heard the complaints about the ability to get ice time, this can create the ability for us to provide ice, without being a drain on the Town. Brief discussion on viability of the operation and that athletes won't have to go to other towns to get ice time.

Mr. Hull – Explained the articles. Article 1; authorizes the funding of up to \$2,250,000. Article 2; accepts the provision of law that establishes an enterprise fund. Article 3; authorizes the Town to enter into a lease agreement so we can hire a 3rd party to run the rink. So, if any of these Articles fail this would be adverse to us.

Mr. Hull – Explained Article 4. The original intent was to put this on the Annual Town Meeting but there was an error that required its delay. The article creates an arrangement for shared parking. Carole's expectations is there are places particularly at 200 Ballardvale Street, where there may be interest from different entities to locate a restaurant in that area but they would need to have shared parking to meet the need. There would have to be a lease agreement between the adjoining property owners and require a special permit from the Planning Board. They would consider whether the arrangement would be detrimental to other owners.

Mr. Doherty – Asked if the shared parking would have to be with abutters. They would. Brief discussion on adjoining abutters.

Other Business:

None

There being no further business, a motion to adjourn was made by William Wallace, seconded by Jonathan Eaton. Approved unanimously.

Meeting adjourned at 8:55p.m.,

Respectfully submitted,

Recording secretary