Town of Concord  
Finance Committee  
Final Meeting Minutes – February 25, 2021

Present: Ray Andrews, Dean Banfield, Kathy Cuocolo, Greg Guarriello, Mary Hartman, John Hickling, Richard Jamison, Dee Ortner, Parashar Patel, Christine Reynolds, Wade Rubinstein, Phil Swain, Lois Wasoff and Andrea Zall

Absent: Brian Taylor

Others Present: Select Board Chair Linda Escobedo; Town Manager Stephen Crane; Chief Financial Officer Kerry Lafleur; Residents Ardis Bordman, Henry Dane and Brooks Read; Recording Secretary Anita Tekle

Open Meeting
Ms. Hartman called the meeting to order at 7:40 pm with a roll call vote, with the following voting in the affirmative: Reynolds, Hartman, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Rubinstein, Wasoff, Andrews, Guarriello, Patel and Zall. The meeting was held via Zoom using the Webinar format, and broadcast via MMN. She noted that the meeting was being recorded.

Approval of Minutes
On a MOTION made by Mr. Hickling and seconded by Ms. Wasoff, and on a roll call vote (with Reynolds, Hartman, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Rubinstein, Wasoff, Andrews, Guarriello, Patel and Zall all voting in the affirmative), it was VOTED to approve the minutes of the Finance Committee (FC) regular meeting of January 21, 2021, as amended.

Approval of FY22 Final Guidelines
On a MOTION made by Ms. Reynolds and seconded by Mr. Hickling, and on a roll call vote (with Reynolds, Hartman, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Rubinstein, Wasoff, Andrews, Guarriello, Patel and Zall all voting in the affirmative), it was VOTED to accept the recommendation of the Guidelines Subcommittee and approve the FY22 Final Budget Guidelines:

<table>
<thead>
<tr>
<th>Budget Entity</th>
<th>FY21 Budget</th>
<th>FY22 Final Budget Guidelines</th>
<th>FY22 Incremental Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>$28,031,664</td>
<td>$28,962,895</td>
<td>$931,231</td>
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<tr>
<td>CPS</td>
<td>$40,777,193</td>
<td>$41,708,424</td>
<td>$931,231</td>
</tr>
<tr>
<td>CCRSD</td>
<td>$20,436,322</td>
<td>$21,367,553</td>
<td>$931,231</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$89,245,179</td>
<td>$92,038,872</td>
<td>$2,793,693</td>
</tr>
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Warrant Article Regarding Guidelines
The suggestion was made to consider having the Guidelines Subcommittee a true subcommittee in the future (i.e., with a subset of FC members serving on the subcommittee). Ms. Hartman noted that at Saturday’s Town Meeting Preview meeting, she will present the FC’s draft article changing the date for posting the Guidelines, which is an amendment to the vote taken under Article 4 of the 1976 Town Meeting. She briefly reviewed her presentation. The proposed change is to the posting location of the Guidelines (Town Website rather than the local press). Mr. Rubinstein suggested a
more generic posting reference, since web sites may be obsolete 20 years from now. Mr. Andrews noted that not everyone looks at the Town's web site, so additional posting locations may be warranted. Mr. Crane indicated that the web site is generally considered the “official” posting location, which can be supplemented with additional locations. Ms. Hartman confirmed that the proposed change does not preclude the FC posting the Guidelines in additional places.

On a MOTION made by Mr. Hickling and seconded by Mr. Rubinstein, and on a roll call vote (with Andrews, Hartman, Reynolds, Ortner, Jamison, Hickling, Rubinstein, Swain, Patel, Banfield, Guarriello, Zall, Cuocolo, Wasoff and Andrews all voting in the affirmative) it was VOTED to bring the following warrant article to the Annual Town Meeting:

The Finance Committee shall annually establish budget guidelines for the next fiscal year for the Select Board, the Concord Public Schools, and the Concord-Carlisle Regional School Committee, and will publish said guidelines on the Town Web Site no later than five (5) weeks before the scheduled close of the Warrant.

Meeting Schedule
Ms. Hartman announced that there will be no meeting on March 18. The next meeting of the FC will be held on March 25. Public hearings will start towards the end of April. The FC Report is scheduled to go to the printer about five weeks prior to the Annual Town Meeting (early May). Ms. Hartman is working with Ms. Lafleur to streamline the FC Report. She reminded members that they will be asked to prepare brief write-ups for the committees that they observe.

Chair’s Report
Ms. Hartman reported that the Board of Assessors recommended to the Select Board that the Town not adopt the Residential Tax Exemption. She reviewed the data that was used:

<table>
<thead>
<tr>
<th>Town</th>
<th>FY21 Tax Rate (per $1,000 of valuation)</th>
<th>FY21 Median Tax Bill</th>
<th>Uniform Tax Rate?</th>
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<tbody>
<tr>
<td>Concord</td>
<td>$14.23</td>
<td>$13,480</td>
<td>Yes</td>
</tr>
<tr>
<td>Acton</td>
<td>$19.24</td>
<td>$12,778</td>
<td>Yes</td>
</tr>
<tr>
<td>Lexington</td>
<td>$14.05</td>
<td>$12,069</td>
<td>No</td>
</tr>
<tr>
<td>Maynard</td>
<td>$20.64</td>
<td>$9,430</td>
<td>No</td>
</tr>
</tbody>
</table>

A “yes” notation indicates that both commercial and residential taxpayers pay the same tax rate. She noted that both Lexington and Maynard have fairly large commercial tax bases. She noted that the FY22 Concord tax rate is $14.71/$1,000 of valuation. She expressed concern about controlling spending in order to keep tax rates sustainable. In response to a question from Mr. Rubinstein, Ms. Hartman commented that the FC is committed to maintaining a diverse population, which includes both wealthy residents who can afford to pay the high taxes; those with lower income who may benefit from affordable housing opportunities; and middle-income people, who we may be pushing out. Mr. Banfield noted that 28% of Concord households (1,885) have income of under $98,000, which would make it challenging to reside in Concord. He also noted that 1,400 of these households spend more than 30% of their household income on housing, with many spending more than 50%.
Ms. Wasoff noted that Concord's housing stock is changing, with smaller homes being torn down and replaced with much larger and more expensive homes. This reduces opportunities for those with middle or lower incomes to buy into Concord. Ms. Ortner suggested we look for long-term opportunities to increase the commercial/industrial base, to ease the burden on residential taxpayers. Mr. Banfield noted recent zoning decisions that resulted in commercial property being removed from the tax base, which has impacted residential taxpayers. Ms. Reynolds noted that on the Town's recent citizen survey, maintaining town character was high on the list of priorities. Mr. Crane noted that when he served as Town Manager in Longmeadow, that community had the highest tax rate in the Commonwealth. He noted that every community is different. Market forces are fairly consistent in the communities in this area. He feels that a split tax rate is often not fair to the commercial or retail property owners, suggesting that retail rents would increase as a result. He felt that the benefit to residential taxpayers would be small compared to the negative impact on retail and commercial owners. He feels that home buyers are willing to pay a premium in order to live in Concord, which speaks well for the value that people place on living here. He feels that the best tool the FC has to combat the rising tax rate is the Budget Guideline. Ms. Hartman responded that the Guidelines process is a valuable tool, but the FC also has a voice to influence things beyond the operating budget.

**Correspondence**

Ms. Hartman noted receipt of the following correspondence:
- Estabrook (English-Haartz, 1.31.21; Pierce, 2.2.21; Buechner-Vischer, 2.4.21; Kohler, 2.4.21; and Old 2.9.21)
- Starmet (James, 2.4.21)
- White Pond (Parker, 2.18.21)

Ms. Hartman noted that the FC only weighs in on Estabrook if and when the Town Manager comes to the FC for a Reserve Fund Transfer. No such request is before the FC nor is one anticipated. The FC has no role in managing litigation for the Town. The appropriate forum for Estabrook litigation concerns would be at Select Board meetings or at the Public Hearings on the budget prior to Town Meeting. Ms. Wasoff noted that FC members are not elected, and the Select Board is the body that establishes policy for the Town. Mr. Guarriello noted that when the FC has received Reserve Fund Transfer requests in the past, it has been after the work has been done and funds spent. Ms. Wasoff suggested that the role of the FC be clarified in the upcoming FC Report, delineating what the FC can and cannot do. Mr. Banfield commented that the misconception continues that funds were taken from the Library and spent on legal fees. That was not the case, which was explained both at Town Meeting and in the Concord Journal.

Ms. James' letter concerning 2229 Main Street was noted. She is a risk manager and alerted the FC to significant risks with the Town assuming ownership of the property. Mr. Parker's concerns about work being proposed for White Pond were noted. The FC will encourage him to express his concerns at the public hearing and at Town Meeting.

**Observer Reports**
CPC Committee—Ms. Reynolds reported that the committee has completed its process and recommendations for the coming year. She reviewed the highlights of the projects. More details will be available prior to the hearing. A question was raised by Mr. Banfield about the Wright Tavern’s funding request. Ms. Reynolds indicated that the essential projects to stabilize the historic structure are included, based on the Historic Resources Study.

Schools—Ms. Ortner reported that the school budgets are now available on the School’s web site. A public hearing on the CPS budget is scheduled for March 9. Budget books will be available by April 30. She reviewed the budget highlights and assumptions. The CPS capital budget of $900k has not yet been allocated to specific projects. Projected savings of $739k is expected in FY22 from early retirements. A FY22 budget surplus is also projected at CCRSD. They plan to prepay OOD tuition where possible, and will move any extra savings to the E&D account and/or Stabilization Fund.

Ms. Hartman expressed concern that CCRSD plans to put funds into a Stabilization Fund to offset the cost of future capital expenses rather than return funds to the contributing communities. Ms. Lafleur noted that state law allows regional school districts to maintain up to 5% of the operating budget in an E&D (Excess & Deficiency) account. Anything beyond that can either be returned to the towns or go to a Stabilization Fund. There is no requirement to return the funds to the towns, which would be done proportionately. Ms. Ortner noted that the Stabilization Fund was established in the 1990s, and has been used in the past, although not recently. Ms. Hartman favored asking the taxpayers about the disposition of the surplus. When funds were approved in the past, it was with the understanding that funds were needed for operating expenses. Mr. Patel noted that a lot has been different under COVID, with some costs up and savings elsewhere. He feels that saving unused funds for future capital needs is warranted. Ms. Cuocolo agreed with Ms. Hartman, that consideration should be given to returning surplus funds to the towns. It was noted that during the 2008-9 recession, budgets were actually cut.

Mr. Patel commented that the School Department was transparent in what they intended to do, and it is within the FC’s purview to question how the surplus funds will be used. Ms. Hartman noted that the amount of the surplus was not disclosed at the time, and the amount is still unknown. Mr. Patel asked that the rules around Stabilization Funds be explained to the FC before we express any criticism.  

**Follow-up Required:** Ms. Lafleur to provide information about Stabilization Funds to the FC for the next meeting.

Mr. Banfield reported that EDCO Collaborative is shutting down due to financial distress. They provide professional development services for member communities. It functions as a collaborative serving several towns, including Concord. Concord exited from the collaborative when it appeared to be financially troubled. There appears to be a that needs to be taken care of in the form of a 9-year lease on a building in Bedford. There is a potential liability of $200,000, to be shared among nine communities, with Concord’s portion being about $30,000.

Recreation Commission—Mr. Jamison reported that Recreation Director Ryan Kane has recently resigned, so a search will be required. It has not been determined whether the
department will be responsible for the FY22 internal budget transfers (made by the revolving/enterprise budgets to the General Fund to pay for services provided, such as Personnel, Treasury, Accounting, etc.). These transfers were waived for FY21 due to substantial program cutbacks due to COVID. Mr. Jamison noted that the Commission is looking for a methodology in the transfers (currently not well documented) so that budget planning may be done.

Financial Audit Advisory Committee—Mr. Hickling reported that the process was completed uneventfully.

Economic Vitality Committee—Mr. Hickling reported that they are considering proposing a warrant article, the financial impact of which has not been determined.

Affordable Housing—Mr. Rubinstein noted that $250,000 is being requested from the CPC for affordable housing projects, with the funds to be used by the Concord Housing Development Corporation for affordable housing purposes.

Public Works Commission—Mr. Swain reported that the Commission’s five-year capital plan is consistent with previous years. He feels that the Department does a good job managing its capital projects.

Planning Board—Mr. Patel reported that he will review the proposed zoning amendments to see if there is any financial impact. There may be an indirect impact if zoning allows for more dense development for affordable housing.

Climate Action Advisory Committee—Mr. Banfield reported on three proposals coming to Town Meeting: (1) non-binding resolution to have an electrification strategy; (2) Home Rule petition allowing Concord to establish and enforce local constraints to further gas installation and other infrastructure improvements that are not consistent with Concord’s energy policies; and (3) possible zoning changes to require the increased use of electricity in new developments.

Middle School Advisory Committee—Mr. Banfield reported that the proposed design was approved by the Design Subcommittee and is now going to the full MSAC for approval. The design includes 143,000 sf, at a cost of $79.8 million + 25% for architectural fees, site preparation, contingency, etc., for a grand total of $99.8 million. There is a lot of pressure to expand the size of the gymnasium. The current size is 7,000 sf, at a cost of $3,885,000. This comes to $555/sf. A gym of 11,000 sf would cost $6,105,000. A gym of 16,000 sf would cost $8,880,000. The auditorium is a modest size to accommodate one full class + faculty (275). There are no plans to expand the auditorium to accommodate Town Meeting. The current budget includes the sustainability costs (c. 1% of total). The infrastructure will be in place for canopies in the parking lot, which could be done at a later date.

In response to a question from Ms. Hartman about trade-offs, Mr. Banfield noted that 1,000 sf of the building was eliminated, in exchange for increasing the size of the gym by 1,000 sf and accommodating the auditorium. One World Language classroom was cut, and there will be one room each for Music and Art.
Minuteman Tech Regional High School—Ms. Wasoff reported that the FY22 budget was approved by the School Committee. There is an increase of 2.4% over FY21. In order to reduce assessments, they plan to use $540,000 from the E&D account. At the February 9 meeting, it was reported that there has been incredible success with enrollment, with lots of interest in the school. The board is functioning in a cohesive manner.

Board of Health—Mr. Guarriello reported that the Board of Health has not met, but the Health Department is doing a good job assisting both the residents and the Schools in managing the COVID pandemic.

Council on Aging Board—Ms. Zall reported that the COA hosted a COVID vaccine clinic for 100 residents, which went very well. Unfortunately, additional vaccine supplies are unlikely. The COA has been considering the proposal to build a new Senior Center at the Starmet property, if and when the Town assumes ownership. At this time, the COA Board is not in favor of such a project. There are still a lot of questions about road and sidewalk access to the new Junction Village project.

Board of Assessors—Ms. Cuocolo reported on two meetings of the Board, which is busy reviewing abatement requests.

Retirement Board—Ms. Cuocolo met last week, and the portfolio is performing on track. Some salaries will be adjusted upwards to be in compliance with the 2019 legislation requiring equal pay for equal work. This will have an impact on retirement benefits, although the extent of the impact has not been determined. Ms. Lafleur noted that this issue has been under review for the past year or more. The law went into effect in July 2020. The Town’s FY21 salary reserve account will be used if needed to make any salary adjustments, which she expects to be modest.

Ms. Hartman inquired about the Town’s overlay account, and whether it could be used to lower the tax rate. Ms. Lafleur explained that the overlay account is used to pay for tax abatements that are granted during the year. State law allows the funds to accumulate from year-to-year. If the Board of Assessors determines that there are surplus funds in the account, then it can vote to release the funds and return the funds to free cash. Town Meeting can also vote to reappropriate the funds, as was done three years ago ($1.5 million) for technology projects. She suggested that if the Senior Means Tax Funding legislation is not passed, then it’s possible that the overlay surplus fund could be used to fund that for this one year.

At 9:40 pm, and on a MOTION made by Mr. Patel and seconded by Mr. Guarriello, and on a roll call vote (with Reynolds, Hartman, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Rubinstein, Wasoff, Andrews, Guarriello, Patel and Zall all voting in the affirmative), it was VOTED to adjourn the meeting.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:
Correspondence from the following:
- Estabrook Woods litigation: Denise English-Haartz (1.31.2021); Pierce Browne (2.2.2021); Dinah Buechner-Vischer (2.4.2021); Concerned Citizens of Concord (41 residents—2.4.2021); Bruce Kohler (2.4.2021); Lansing Old (2.9.2021)
- 2229 Main Street Property: Nancy James (2.4.2021)
- White Pond Expenditures for 3 new storm drains (2.18.2021)