

Town of Concord Finance Committee
Public Hearing Meeting Minutes
March 17, 2022

Present: Ray Andrews, Dean Banfield, Eric Dahlberg, (remote) Greg Guarriello, (remote) Mary Hartman, John Hickling, Amirth Kumar, Don Kupka, Dee Ortner, Parashar Patel, Christine Reynolds, Brian Taylor, Lois Wasoff (remote)

Others Present: Anna McKeown, Recreation Director, Kate Hodges, Deputy Town Manager, Carmin Reiss, Town Moderator, Jon Harris, Budget and Purchasing Administrator, David Wood, Municipal Plant Director and Jason Bulger, Chief Information Officer, Aaron Miklosko, Highway and Grounds Superintendent, Alan Cathcart, Director of Public Works

Others: Town Employees, Public Officials, Members of the Public, Other Interested Parties

Chair Reynolds asked for a motion to open the Public Hearing for March 17 2022 at 7pm.

Motion made to open the Finance Committee Public Hearing for March 17, 2022, presentations of Annual Town Meeting Warrant Articles, Recreation Fund, Article 45 Beede Swim & Fitness Center, Enterprise Fund Expenditures, Article 44, Authorize Expenditure from PEG Access & Cable-Related Fund, Article 29, Annual Appropriation of Parking Meter Receipts, Article 39, Light Plant Expenditures & Payment in Lieu of Taxes, Article 40, Solid Waste Disposal Fund Expenditures, Article 41, Sewer System Expenditures, Article 42, Sewer Improvement Fund Expenditures, Article 43, Water System and Expenditures. Motion seconded. Motion Carried Unanimously.

Chair Reynolds stated the Concord Finance Committee Meeting and Public Hearing for March 17, 2022 at 7pm is open. The meeting is the last of three Finance Committee Annual Town Meeting Public Hearings for Article review. The hearings are for article presentations regarding the operating budget and articles that may have a financial impact on the Town.

The meeting was televised and recorded by MMN. All agendas, meeting materials and recordings can be accessed on the Town website under the 2022 Annual Town Meeting section.

Chair Reynold stated the process, procedures and protocols for the public hearing and participation. The Finance Committee will move into their regular meeting after the public hearing to review and vote on recommendations for the 2022 Annual Town Meeting Warrant Articles after the Public Hearing.

FY23 Recreation Revolving Fund

Anna McKeown, Recreation Director presented the FY23 Recreation Revolving Fund. The operations within the Recreation Revolving fund include: Youth and Adults Sports, Before, Afterschool and Early Release Childcare, Carousel Preschool, Special Events, Summer Camps, White Pond Memberships, and Facility Rentals.

The budget goals for FY23 are: prepare for effects of COVID, (although there is an expectation to return to programs across all areas), assure the Department is providing programs, services and support for optimal social, emotional health and well-being for all Concord children and families, work to continually educate staff on the topics of diversity, equity and inclusion.

The Recreation Revolving Fund Ending Balance for FY22 is \$1,331,723 and FY23 proposed is \$1,601,471. The positive balance at end's year is greatly contributed to the childcare programs.

The proposed revenues for FY23 are Recreation Programs, \$160,000, White Pond, \$91,800, Summer Camp, \$585,000, School Year Programs, \$1,261,491, Sport Clinics, \$250,000, Special Programs, \$20,000, Other/Rentals, \$12,000. The fees collected from these pay staff salaries.

The Operating Expenses proposed for FY23 are: Personnel Services, \$1,432,908, (over 100 fulltime and parttime employees) Purchased Services, \$450,160, Supplies, \$72,350, Other, \$8,698, Capital Outlay, \$7,000 and General Fund Services, \$139,427. Total expenses are \$2,110,543. It was noted the Director's salary is not included in the Operating Expenses.

There is a decrease in payments to the general fund due to the Visitor's Center transfer to the Planning Department. Proposed payment to the General Fund total is \$139,427. The Recreation Fund balance remains healthy at \$1,601,473 projected in FY23.

Questions and Comments from the Finance Committee.

It was explained that the Recreation Fund money could be used for items such as vehicles. The budget is encouraged to be done flat, but a small surplus is budgeted. The CPC funding request is to support the efforts to evaluate the services and programs. The Recreation Commission has discussed working with the school in order not to have duplication in efforts. It was clarified the amount transferred to the General Fund is now lower than historic transfers because 55 Church Street, no longer host programs and the Visitors Center is now with the Planning Department. The Recreation Facilities Plan, that is hoped to be funded/done will reference and incorporate other Town plans and studies such as the Open Space and Recreation Plan and the Field Study.

Question and Comments from the Public - None

Article 45 Beede Swim & Fitness Center Enterprise Fund and Expenditures

Anna McKeown Recreational Director presented Article 45 Beede Swim and Fitness Center Enterprise Fund and Expenditures. Article 45 Beede Swim and Fitness Center Enterprise Fund and Expenditures seeks to determine whether the Town will vote to appropriate the amount required for the total expenses of the Community Pool Enterprise Fund for the fiscal year ending June 30, 2023 for the operation of the Community Pool, to be expended under the direction of the Town Manager. The Beede Swim and Fitness has many memberships options, offering group fitness, personal training, aquatics programs and facility rentals.

Budget Goals for FY23 are to continue to prepare for effects of COVID-19, formalize the facility rental program and seek out new rental contracts, continue to educate staff on topics of diversity, equity and inclusion and review future capital expenditure and replacement plans to ensure accurate service dates, costs and lifespan of use. There is a proposed loss of \$429,340 for the Beede Swim and Fitness Center. COVID revenue loss, along with increase in wages, inflation in operating expenses have contributed to the net income being a loss.

The projected FY23 Operating Revenue, are Rentals \$60,000, 3%, Group Exercise \$88,000, 5%, Recurring Membership fees, \$920,000, 52%, Membership fees \$89,000, 5%, Fitness & Personal Training fees,

\$121,000 7%, Miscellaneous Revenue \$100,000 5%, Initiation fees, \$15,000, 1%. There are some planned special events for additional revenue. Membership fees were raised in February. Twenty-four dollars per membership and \$15,000 total to the Beede Center. There has been a steady return in memberships, the amount is moving past the pre-COVID numbers. The family memberships are increasing, indicating the efforts for family events and programs for families have been successful.

The Operating Expenses proposed are to total \$2,222,340. Hiring staff has been and continues to be a challenge. The Breakdown of operating expenses is Personnel Services \$1,134,532, General Purpose, \$667,574, Program, \$62,600, Depreciation Expense \$357,634. There will not be a transfer to the General Fund from Beede this fiscal year.

The fund balance has been steady. There is a great effort to reduce expenses, but remaining a safe and healthy facility.

Questions and Comments from the Finance Committee.

It was explained that the Center is membership based, and the goal is not to have the Center over crowded/undesirable to the members. The expectation is that the Center is likely to operate at a small loss, but efforts are being made to make the loss less. If the fund is at a point that it can't support the operations, the Town would need to have talks about solutions/decisions regarding the Beede Center. The timeframe is estimated to be about 3 fiscal years away for funding to be an issue. Preparing for the FY26 budget the Beede Center operation should be an in-depth dialog. It was clarified that there is not a Public Health concern with the fact the filtration has not been serviced/changed out, but the recommendation is for it be changed every 5 to 8 years. The Beede Pools are in year 16 but operating healthy and safe. All the positions for full time staff have been hired/filled. Having a full staff will allow for work on programs and services to be addressed. There are parttime positions not filled. It was clarified that \$140,000 should be added to the operating loss, because this is the amount the Town is not charging the Beede Center for Town services. The utilities costs are estimated to be \$200,000 for FY23. It was confirmed that Beede has always run at a negative. Beede is in line with other centers, changing the membership payment to a monthly payment vs yearly has a positive impact on memberships.

Question and Comments from the Public

Carmin Reiss, Town Moderator asked what the amount is that is being requested in the motion. The amount is not available, as of this date, the Beede Center is waiting on audits to have final amount. There will be an amount for Town Meeting, along with a handout.

Article 44, Authorize Expenditure from PEG Access & Cable-Related Fund

Kate Hodges, Deputy Town Manager presented Article 44. Article 44, seeks to determine whether the Town will vote to raise and appropriate or transfer from the Public Education Government (PEG) Access and Cable-Related Fund the sum of \$435,302 to be expended during the fiscal year ending June 30, 2023 under the direction of the Town Manager for necessary and expedient cable-related purposes consistent with the Town's license agreement with Comcast.

Concord receives 4.8% of all Comcast revenue generated through its Concord customers. The money may only be used for cable-related purposes. The total request is \$435,302, \$58,500 shall be reserved for Capital Improvements. The project fund balance for FY23 is \$1,489,814.

A graph was shown indicating the increase in the Minuteman Media Network (MMN) Media Performance starting in 2016 to the present day. The FY23 goals are to increase community involvement with MNN, continue to expand work with students at the high school and middle school levels for media and film and organize and coordinate community and public events with special focus on Town-wide involvement and education of MMN offerings and media and cable-related productions.

Operating Revenues proposed for FY23 are Comcast/Franchise Fee \$299,697, Carlisle Fee, \$74,662, PILOF \$21,923, Total Operating Revenues proposed is \$396,281.

Operating Expenses proposed are: personal, \$336,876, facilities and maintenance \$1,890, purchased services, \$27,580, supplies and materials, \$7,718 other charges \$551. Total Operating Expenses proposed is \$376,802.

The Capital total is \$58,500, to included studio improvements and repairs, \$4,000, editing equipment replacements, \$22,000, computer equipment replacements, \$3,300, portable mics and speakers, \$1,000, sound system improvements, \$6,700, building systems, \$1,000, security system, \$500, vehicle acquisitions and maintenance \$500, software \$1,500, equipment acquisition and repairs \$2,500 and satellite facilities \$15,500.

Questions and Comments from the Finance Committee

It was clarified that there is a projection of a \$19,000 loss in operating expenses. Revenues have been decreasing at a rate of about 3%, It was clarified that the headcount for employees will likely remain the same and not return to levels of FY19 after the pandemic. FY19 did not have all positions filled. Headcount is needed because, it is likely that remote meetings will continue, if approved by the State. The technology and staff are required for meetings. The future plans for education and events should generate revenue that will cover expenses. It was explained that the PEG is a special revenue account and the Town absorbs some of the funding. It was clarified that the Carlisle Fee is for an employee and for used of the studio for Carlisle meetings.

Question and Comments from the Public

Karlen Reed, Chair PEG Access Advisory Committee stated the Committee approved and supports the proposed budget and asked for the Finance Committee to move affirmative action.

Mark Howell, Fiber Broadband Completion Task Force expressed concern regarding the decline in the Comcast franchise fee revenue for the MMN operating budget. MMN is a valuable resource but a discussion should take place about the current Town's PEG network.

Article 29, Annual Appropriation of Parking Meter Receipts

Kate Hodges, Deputy Town Manager presented Article 29 on behalf of Interim Town Manager Kerry LaFleur. Article 29 seeks Appropriation of Parking Meter Receipts in the sum of \$300,000 to fund expenses related to parking enforcement or public transportation initiatives for fiscal year ending June

2023. In accordance with MGL Parking Meter Receipts require an annual appropriation. The amount available for appropriation is up to 100% of the estimated balance as of June 30 of the prior fiscal year.

There has been an increase in revenue for FY22 and same revenue is proposed for FY23. In FY22, the personnel expense has been gradually returned to the parking meter expenses from the Police Department. In FY24, the revenue will cover all parking meter expenses with a small surplus for other public transportation initiatives.

Questions and Comments from the Finance Committee

Slide 3 was reviewed, it was clarified that the revenue line (green line on graph) was higher in FY22 due to appropriated federal funds. FY22 and FY23 will basically have break even budgets. It was clarified that the full personnel costs from this budget will not take place until FY24.

Question and Comments from the Public

Matt Johnson asked how many parking meters does the Town. He stated that the parking meters should be making money, simply because money is put into the meters, There are three areas in Town with parking meters, 1. Concord Center, 2. Depot and 3. West Concord. There are about 225 meters in Town. Money/revenue was received when the meters were manual only. The credit card meters have had issues with the operation of receipt of funds and the pandemic also reduced meter revenue. Mr. Johnson questioned if the meters should be replaced with better meters. The parking meter program was extensively vetted but an administrative decision to review could certainly happen.

Article 39, Light Plant Expenditures & Payment in Lieu of Taxes

David Wood, Municipal Plant Director and Jason Bulger, Chief Information Officer presented Article 39 Light Plant Expenditures & Payment in Lieu of Taxes. The Light Plant Net Income/Loss was a loss in 2019 and 2020. A rate use study was done, resulting in a rate increase, this increase brings the Light Plant Net Income back into targeted net income.

The Capital Outlay totals FY22 \$3,440,984 and FY23 \$3,770,783. The Gross Margin amounts are 2021 \$31,753,427 Total Revenue, \$31,353,879 Total Expenses.

2022 \$32,577,833 Total Revenue 1.26%, 2023 \$31,924,741 Total Expenses 2.00%.

The Payment in lieu of taxes for the fiscal year is \$444,000. The funds will be transferred from the Operating Fund of the Light Plant to be used by the Assessors to reduce the tax levy for the fiscal year ending June 30, 2022.

Mr. Bulger reviewed broadband. The subscription and revenue grew about 5% in 2021. The financial results estimated 2021 revenue \$1,423,038 and net income \$184,938. There is a 60% increase in network bandwidth capacity. Personnel has been added, to the department, one network engineer and two field technicians.

Goals forecast for 2022 are to add a vehicle and tools to expand support and installations, replace network and service delivery equipment to improve resilience and increase output, increase the capturing of business metrics and KPIS to better improve customer retention and business decisions,

hire a director of Telecom, focus on marketing and ensure Concord's Broadband has a sustainable business model and adequate growth to fund expansion.

The revenue increase forecast is 13.7%, \$1,618,394 and net income \$119,228.

Questions and Comments from the Finance Committee

The amount of the last audit, December 2020 was \$43.9 million. There is a separate depreciation fund that is used for capital, the amount is \$4.8 million, this amount is included in the \$43.9 million.

It was communicated that there is a new help desk model being worked on, for better service, especially during outages. It was clarified that the largest increase in operating expense will be employees, and all staff have technical skills. The forecast for the budget was for a fully staffed department. It was explained that, like the Light Plant the goal is not to make a large profit from broadband, although this is a growth area for the Town, the surplus revenue would be given back to support more service.

The Power Cost Categories in the upcoming 2 to 5 years are forecasted as, forward capacity to decrease, transmission to increase, fixes to remain level and REC's prices change lots. The Light Plant has only had to go to up two cents. The Light Plant normally adds a power adjustment charge to the users, as done this past winter, vs increase rates. A rate change is likely 3 years out, But it is noted that everything appears to be increasing, materials, labor etc. the Light Plant always monitors costs and will make a rate change according.

The Operating Cost is driven by the costs in the market. The renewable contracts are coming in favorably. Clean Power does costs more, currently it is at about \$7 per kilowatt. This is what the Town wants. The operating cost are about \$7 million, operating costs do increase in a small amount every year, but overall, been pretty steady.

The Light Plant has been promoting conservation efforts and electric efforts. The programs have had good response, there should be an increase in electrical use.

The goal to decrease carbon emissions has been positive. In the next 5 years, more solar will be added, the Town is committed to off shore wind projects and the existing renewable contracts are currently being worked on. The goal to get to 100 percent renewable is a real challenge.

Question and Comments from the Public

Susan Bates asked if the Town get to the goal of 100% non-admitting, would the nuclear increase? The Light Board would discuss this moving forward.

Terri Ackerman said she put heat pumps in her home and has had an increase payment not a savings. She would like to advocate for the Light Plant to revisit the tier rates. She asked that for Town Meeting the abbreviations and acronyms used in the Article be made clear on what they stand for.

Mark Howell asked what the impact of solar has on Light Plant. He said The Broadband Task Force looked at the sale increase percent, he said that percent has been on a decline, 2017, 30%, 2018, 22% and 2019, 14%. He said there is a revenue cost to the Town. There are 3 large scale solar arrays and the other component is residential.

Article 40, Solid Waste Disposal Fund Expenditures

Aaron Miklosko, Highway and Grounds Superintendent presented Article 40. Article 40, Solid Waste Disposal Fund Expenditures seeks to determine whether the Town will vote that the income from user fees for solid waste disposal services, associated services and jobbing services be the Concord Public Works during the ensuing fiscal year, together with the balance of operating cash in the Solid Waste Disposal Fund, be expended without further appropriation under the direction and control of the Town Manager in accordance with the motion passed under Article 27 of the 1989 Annual Town Meeting.

The mission of the Solid Waste Division is to provide an efficient, environmentally sound, and cost-effective solid waste collection, disposal and recycling program for subscribers to the Town's curbside program. The curbside program was reviewed. There are household hazardous waste events, season compost disposal, and other services for residents. Residents can also receive free compost.

The Solid Waste Disposal Revenue Sources are, subscription fees, \$1,328,360, disposal fees, \$414,846, Town facilities and public barrels, \$163,013, schools, \$132,886, drop off day, \$56,046, recycling program, \$10,300, compost bins, and \$2,750, recycling bins/lids. Total Waste Revenue is \$2,109,081.

The Solid Waste Disposal Expenses are, curbside collection, (Waste Management, contract), \$1,362,959, contracted disposal services, \$286,430, recycling processing fees, \$247,702, general fund services, \$139,431, personnel services, \$120,335, purchased services, \$54,496, supplies and materials, \$9,900 and other charges and expenses, \$2,855. Total Waste Expenses is \$2,227,108.

The Waste Management contract is currently being negotiated; the current contract will expire in September. The existing contract is a long-term contract with favorable recycling market, new contract will enhance opportunities at the compost site.

The cost to subscribers for FY23 is \$322.00, collection fee, \$1.80 bag, \$46.80 sticker. There was no increase over FY22. The Town's hauler has the lowest annual cost compared to the other haulers used in Town.

Questions and Comments from the Finance Committee

The contract will have an increase due to fuel increases, cost of materials, trucks and labor costs. The services will remain consist for the next 1 to 2 years, note this contract will see an increase. The compost service is a pilot program, that is directive of the sustainability initiative. The fund balance for FY21 is \$600,090, FY22 is \$582,009 and projected for FY23 is \$463,982. The fund balances are detailed in the budget book. The enhance opportunities for the compost are having organic compost, moving cardboard recycling to the compost service facility, adding salt pick up and extending the hours of operation.

Question and Comments from the Public

Matt Johnson asked if there been any determined changes or improvements via the survey that was done a few months ago. The surveys have been reviewed; no changes will be made at this time to the contracted services because of the cost to make changes. The contract services will remain the same the for the next 1 to 2 years, with an increase of cost.

Article 43, Water System Expenditures,

Alan Cathcart, Director of Public Works presented Article 43. Article 43, Water System Expenditures seeks to determine whether the Town will vote that the income from users' fees, special services fees, and jobbing services by the Water and Sewer Division of Concord Public Works during the ensuing fiscal year, together with the balance of operating cash in the Water Fund, be expended without further appropriation under the direction and control of the Town Manager in accordance with the Motion passed under Article 38 of the 1974 Annual Town Meeting.

The Water System Infrastructure has \$25.9 million in assets. The FY23 operating expenditures totals \$5,046,222. 30%, Personnel Services, \$1,542,168, 27%, Depreciation, \$1,383,967, 16%, Purchased Services, \$827,845, 15%, General Fund Services, \$735,872, 9%, Supplies and Materials, \$436,954, 3% Other Charges and Expenses \$137,416.

FY23 Capital Improvement total \$3,062,500, Nagog Improvements, \$1,450,000, Water Main Replacement, \$700,000, Meter Reading/Billing Upgrade (Phase I), \$250,000, Source Protection Integrated Water Resources Plan, \$170,000, Miscellaneous Equipment and Improvements, \$162,500, Station Structures and Equipment, \$150,000, Hydrant Replacement, \$30,000.

A slide was shared showing the 10-year operating projections. FY25 and FY26 indicate a negative net income. Income will increase in FY28 through FY32. The 10-year Capital Plan shows a spike in FY24 and FY25, the years when the treatment plant is scheduled at Nagog.

Questions and Comments from the Finance Committee

The Town has complete 4 rounds of State mandated PFSA testing. The Town appears to be in good shape but there are some traces in the Town. Overall, the Town has not had any major challenges with PFSA as of this date. The demand on water has had a gradual decline for some time. The Water Department will be work on conservation efforts/initiatives in the near future.

Concord has the rights to Nagog, Concord has gone to the State for a low-rate loan for the work at Nagog. Moving forward, a Town Meeting will needed to approve the funding/work. Concord does not meet the requirements for grants, but having a low interest loan for the work at 2% is desirable. Concord is on the list for this State loan. It is likely that there will be a 4% annual rate increase at the time of work.

Question and Comments from the Public – None

Article 41, Sewer System Expenditures and Article 42, Sewer Improvement Fund Expenditures

Alan Cathcart, Director of Public Works presented Article 41 and Article 42.

Article 41 seeks to determine whether the Town will vote that the income from user fees, special services fees and jobbing services by the Water and Sewer Division of Concord Public Works during the ensure in fiscal year, together with the balance of operating cash in the Sewer Fund be expended with further appropriation under the direction and control of the Town Manager in accordance with the Motion passed under Article 37 of the 1976 Annual Town Meeting.

Article 42 seeks to determine whether the Town will vote that the income from sewer improvement fees during the ensuing fiscal year, together with the balance of operating cash in the Sewer Improvement Fund, be expended without further appropriation under the direction and control of the Town Manager.

The Infrastructure assets are \$17.1 million in total. Items include the advanced wastewater treatment plant, 2 large scale pumping stations, 6 neighborhood lift stations, 34 miles of collection main and 903 manholes.

The FY23 Operating Expenditures is \$3,414,573. 13%, Depreciation, \$1,140,131, 29%, WWTP Contract, \$1,006,942, 18%, Personnel Services, \$601,122, 9%, Purchased Services, \$303,963, 8%, General Fund Services, \$266,362, 2%, Supplies and Materials, \$61,128, 1%, Other Charges and Expense \$34,414,573.

It was noted a new four-year contract was awarded to WWTP Management.

The FY23 Capital Improvement Plan totals \$1,397,700. It includes vehicle replacement, \$367,500, station structures and plant equipment, \$350,000, inflow/infiltration and sewer lateral work, \$221,000, wastewater treatment plant improvements, \$213,200, meter reading/billing upgrade (phase 1) \$206,000, station structures and equipment, \$20,000 and miscellaneous equipment replacement.

The 10-year Capital Plan fund has about a \$8,000,000 balance. The funding will start being used in FY24 through FY29 for upgrades that will be identified in the facility plan.

Questions and Comments from the Finance Committee

The old sewer lines are not planned to be replaced but rehabilitated. This is a more efficient and cost-effective manner to address the old pipes/lines. There is work being done to find the best technology for rehabilitation for sewer lines. The sewer capacity is constrained, the Town had a Comprehensive Wastewater Management Plan done about 20 years ago. The Town has not complete the recommendations in the plan. The Town has submitted a permit/application for authorization to discharge from the Wastewater Treatment Plant to receiving water/Concord River. This is in order to work on the constraints. But there is not an expectation the permit will be granted. The need to expand the sewer is needed for Town growth.

Question and Comments from the Public – None

Motion made and seconded to close the Public Hearing of the Finance Committee for March 17, 2022, presentations of Annual Town Meeting Warrant Articles, Recreation Fund, Article 45 Beede Swim & Fitness Center, Enterprise Fund Expenditures, Article 44, Authorize Expenditure from PEG Access & Cable-Related Fund, Article 29, Annual Appropriation of Parking Meter Receipts, Article 39, Light Plant Expenditures & Payment in Lieu of Taxes, Article 40, Solid Waste Disposal Fund Expenditures, Article 41, Sewer System Expenditures, Article 42, Sewer Improvement Fund Expenditures, Article 43, Water System and Expenditures. Motion Carried Unanimously.