

**Town of Concord
Finance Committee
Meeting Minutes - July 25, 2019**

Present: Dean Banfield, Greg Guarriello, Mary Hartman, John Hickling, Richard Jamison, Dee Ortner, Parashar Patel, Wade Rubinstein, Phil Swain, Brian Taylor and Andrea Zall

Absent: Peter Fischelis, Karle Packard, Christine Reynolds and Thomas Tarpey

Others Present: Select Board Chair Michael Lawson; School Committee Member Cynthia Rainey; Finance Director Kerry Lafleur

Meeting Opened

Mr. Banfield called the meeting to order in the Select Board Meeting Room at the Town House at 7:00 pm. He announced that the meeting was being televised and recorded by MMN.

Approval of Minutes

None

Calendar Review

Mr. Banfield proposed that the Finance Committee (FC) host a “joint meeting” with Concord and Carlisle officials to discuss shared responsibilities for the regional school district. He suggested that the Chair and Vice Chair of the FCs from Concord and Carlisle meet with the Chair and Vice Chairs of the Select Boards (SBs) of the two communities, along with the Concord-Carlisle Regional School Committee. One purpose of the meeting would be to identify any financial pressures or limitations each community is facing in the years ahead. He suggested Thursday, September 19 as a possible meeting date. Mr. Banfield clarified that the meeting would be posted and all would be welcome to attend, although his preference is to limit the discussion to the individuals noted above.

After discussion of alternative dates, it was agreed that the Finance Director’s Orientation Session will be held on Thursday, August 1. Mr. Banfield reported that he and Ms. Hartman had met with the Chairs of the School Committees and the School Superintendent to discuss the challenges of the budget schedule in light of the Zero Based Budgeting (ZBB) process. It was agreed that the schedule would be moved out by one week to accommodate school officials. Meeting dates as follows:

- September 26 - Regular Meeting Finance Committee
- October 3 - Guidelines Subcommittee Meeting with Minuteman School Budget Officials
- October 10 - Guidelines Subcommittee Meeting with Town Budget Officials (1st round)
- October 17 - Regular Meeting Finance Committee

- October 24 - Guidelines Subcommittee Meeting with School Budget Officials (1st round)
- October 24 (following the Guidelines Subcommittee Meeting) - Regular Meeting Finance Committee to approve the preliminary FY21 Guidelines
- November 7 - Guidelines Subcommittee Meeting with Town budget Officials (2nd round)
- November 14 - Regular Meeting Finance Committee
- November 21 - Guidelines Subcommittee Meeting with School Budget Officials (2nd round)
- December 5 - Regular Meeting Finance Committee - vote to approve final FY21 Guidelines

Mr. Banfield noted that the FC is required to submit the Guideline by November 30, and it will miss this deadline by five days this year. He noted that the Annual Town Meeting Warrant closes on January 10, which is a few days later than normal; this will allow the schedule to shift out slightly. Mr. Taylor inquired about the FC amending its bylaw to provide for a later vote on the Guidelines. Mr. Banfield's preference would be for the School Dept. to start its budget process a week earlier. Mr. Jamison noted that staffing decisions are made by late summer, so the bulk of the school budget could be made available earlier than October. Ms. Ortnier noted that the Town has been asked to consider a ZBB in the future, so perhaps a change in the FC Bylaw to provide for more flexibility in the Guidelines vote be considered. It was agreed that the schedule will be monitored this fall, for possible adjustments in the future.

On a **MOTION** made by Mr. Swain and seconded by Mr. Taylor, it was unanimously **VOTED** to accept the revised calendar as presented above.

Mr. Banfield suggested that the FC schedule a fiscal sustainability public hearing prior to town meeting.

FY21 Guideline Information Letters

Ms. Hartman prepared draft letters to the budget entities, which were included in the meeting packet. She noted that the letters had been modified following the feedback at the June 27 meeting. Several members thanked Ms. Hartman for the concise and streamlined format of the letters, which will be helpful for all parties. Mr. Swain suggested that the following question be added to the letter to the Regional School Committee: "What is being done to assure that Carlisle is paying its fair share of the district's budget?" Ms. Hartman preferred that this issue be discussed at the joint meeting tentatively scheduled for September 19. She felt that the emphasis at the Guidelines meeting should be on the total spending for the district. Mr. Swain disagreed, noting that Concord paid \$4 million to rebuild the school bus depot, after it was torn down by a vote of the Regional School Committee. While promises were made that Carlisle would financially participate, there has been no evidence that this has been done. At a minimum, the Regional District should be charged rent for the new depot, with Carlisle paying its share. Mr. Banfield suggested alternative wording of the question, such as "These services have been provided by the Town of Concord for the benefit of the Regional School District, and need to be accounted for." Mr. Patel

suggested that the Regional School Committee be asked to identify a process going forward, to pay for expenses equitably.

Mr. Swain noted another incident where Concord bore more than its share of the burden—a decision by the Concord Town Manager to waive most of the building permit fee for the new high school, following a request made by the CCHS Building Committee. This came at a cost to Concord of approximately \$900,000 in lost revenue. He noted that the Town of Lincoln recently charged Minuteman Regional School \$1 million in building permit fees. Mr. Patel suggested that this question should more appropriately be posed to the Town Manager, who made the waiver decision. It was noted that former Town Manager Chris Whelan prepared a memo about a year ago that itemized the costs borne by the Town of Concord on behalf of the Regional School District. It was noted that the issue has been pushed back and forth between the School Superintendent and the Town Manager for the past year, with no progress made. Mr. Swain felt strongly that this should be included in the Guidelines Information letter so that it doesn't get lost or shuffled along.

Mr. Patel questioned the appropriateness of sending separate letters to the budget entities—why not send one letter to all, emphasizing that all belong to one “team?” Ms. Hartman noted that the budget entities are being asked to collaborate on capital spending. Mr. Taylor noted that one question was being asked of the Schools (trends in labor costs), but was not included in the letter to the Town. Ms. Hartman agreed that this was an oversight and should be included in both letters. Ms. Ortnier inquired as to whether the schools should be asked for 10-year projections of capital projects. Mr. Banfield responded that five years is traditionally the length of time for reasonable predictions/projections. Mr. Swain suggested that the wording of the question be: “...a list of any other significant capital expenses that you can foresee.” Ms. Hartman emphasized that the point of the information letters is to assure that the budget entities consider and think about these issues prior to the in-person conversations with the FC.

In discussing the benchmarking section of the letters, Mr. Hickling inquired as to whether specific metrics should be requested for comparison purposes. He noted that ClearGov has a wide array of available data, as does the State Dept. of Revenue.

On a **MOTION** made by Ms. Hartman and seconded by Mr. Taylor, it was unanimously **VOTED** to approve the draft letters, with the following additions:

1. Regional School Committee - What is the strategy for assuring that Carlisle equitably contributes towards the costs of the regional school, in light of the November 2018 document outlining costs borne only by the Town of Concord?
2. What are the trends in labor costs for municipal services and in the schools?
3. Do you foresee any other capital costs or long-term capital needs?

Fiscal Sustainability –Goals & Process for 2019-2020

Mr. Banfield reviewed the process that had been discussed last year, with a formula voted on by the FC in November 2018. While in the end it was decided to not bring the planned article to a vote at town meeting, the FC is still committed to establishing some sort of spending guardrail. It was suggested that the Sustainable Growth Rate (SGR) be calculated and included in the Guidelines Information letters, urging the budget entities to consider this number when building their budgets. It was agreed that knowing the SGR in advance of contract negotiations would be helpful. Ms. Rainey noted that one of **the teacher bargaining units negotiated a one-year contract (2½% increase), with the** idea that both teacher contracts would be on the same schedule going forward. It was noted that the SGR would have been 2.95% last year, had it been promulgated.

During the discussion, the SGR for July 1, 2019 was estimated to be 1.8%. Ms. Ortner made a **MOTION** that was seconded by Mr. Taylor to request that Ms. Hartman develop a brief paragraph about the Sustainable Growth Rate to include in the Guidelines letters, and include the calculation for July 1, 2019. Mr. Rubinstein suggested that information about the SGR be made available to the community, perhaps via a letter from the FC Chair in the Concord Journal and online in September. Ms. Zall suggested that the letter also be distributed to the Chamber of Commerce, so that it can be posted for its members. Ms. Ortner suggested that the SGR hearing be considered earlier in the process, perhaps in the fall.

In response to a question from Mr. Patel, Mr. Banfield explained why town meeting was not asked to approved the SGR at last year's town meeting. Mr. Guarriello noted the importance of footnoting the source of the data used for the SGR calculation, to reduce questions about the formula.

After discussion, a **VOTE** was then taken on Ms. Ortner's earlier **MOTION** to add a paragraph to the Guidelines Information letters about the SGR, which unanimously **PASSED**.

Middle School Stabilization Fund

The ultimate disposition of the existing Peabody School was discussed, with the idea that funds from the sale of the surplus building/land could possibly be used to offset the costs of building a new middle school. Mr. Lawson noted that these conversations are currently taking place with the relevant boards. Establishing a stabilization fund was discussed—this requires a town meeting vote to establish and identify the source of funds, and a town meeting vote to spend funds. The purpose of a stabilization fund was explained. For the middle school, such a fund could be created (using either free cash or funds from the sale of the Peabody School) in order to mitigate the impact of the debt repayment. The fund could be used to reduce the “spike” from the debt repayment in the peak years, and soften the impact on the average taxpayer. The fund could also be used to soften any “blips” in the debt repayment schedule. The specific use of the fund

could be identified when it is established. The amount would be determined by the FC and a town meeting vote, following a recommendation from the Town Manager and Finance Director. In response to a question from Mr. Taylor, Ms. Lafleur noted that the stabilization fund would be invested to the fullest extent possible, so it would likely increase in value.

On a **MOTION** made by Mr. Swain and seconded by Mr. Patel, it was unanimously **VOTED** to recommend to the SB and Middle School Building Committee that consideration be given to establishing a Middle School Stabilization Fund, for the specific purpose of mitigating the tax impact of building a new middle school.

Correspondence

Mr. Banfield noted receipt of a letter from resident Kevin Parke, expressing concerns about legal expenses for Estabrook Woods litigation. In his letter, Mr. Parke suggested that the Town Manager and SB ask legal counsel to provide a range of estimates and probabilities for legal costs for Estabrook Woods going forward, so that the funds can be included in the budget that is brought to town meeting. He felt that this would improve the transparency of costs. Mr. Swain was concerned that there is a misunderstanding of the process—the FC is not involved in litigation. He suggested that Mr. Parke’s question be included in the Guidelines letter sent to the Town, in the paragraph about legal costs. Legal costs at the level that has been spent the past couple of years is not sustainable, and continues to be jarring to many. Ms. Lafleur commented that it has been duly noted that the FC is not supportive of using the Reserve Fund in the future to fund legal costs overages for the Estabrook Woods legal case. Mr. Swain suggested that if additional legal costs are known, then adequate numbers should be included in the budget requests.

On a **MOTION** made by Mr. Swain and seconded by Mr. Taylor, it was **VOTED** (with 9 voting in favor and 2 opposed—Hartman and Patel) to amend the question about legal expenses in the Guidelines letters to include a request for a range of financial estimates combined with probabilities for any known litigation. It was agreed to include this in the letters to all of the budget entities.

Chair’s Report

Mr. Banfield noted that the Long-Range Capital Planning that is being considered by the SB will most likely be a task force to start, and then possibly move to a standing committee in the future.

Other issues:

- Tax Fairness Committee—trying to align the Town of Concord’s issues for qualifying with those at the state level, such as circuit breaker eligibility

- Personnel Board - They are going through an identity crisis, serving as a rubber stamp for the Human Resources Department in recent years; exploring their role going forward.
- Facilities Plan will be presented to the SB on August 26
- Board of Health - CBD oil is not allowed in food products
- State Building Inspector - disagreement and confusion as to whether group homes must all be ADA compliant; still under review at the state level

Observer Reports

Community Preservation Committee - Ms. Hartman reported that the State's \$43 billion budget includes more funds for CPA projects, so matching funds may increase. We should anticipate an increase in the administrative portion of the CPA budget, since signage has been stolen and there are not sufficient funds to replace those that are lost.

Planning Board - Mr. Patel reported that there are lots of issues with the new library addition. An effort will be made to identify any changes in zoning or new construction that will have a financial impact/consequence.

Ms. Ortner inquired whether a member of the FC could serve on a task force, or whether the prohibition against serving on a second board only applied to standing committees. Mr. Banfield noted that a task force is probably considered a board for the purpose of the prohibition, although there would be no problem with a member of the FC observing and participating in the proceedings, without voting. He noted that the Moderator had said no to his request to serve as a member of SUASCO (a regional group) while also serving on the FC.

Tax Relief Committee - Mr. Hickling reported that the committee is still wrestling with trying to make it easier for taxpayers to qualify and apply for tax relief.

Middle School Building Committee - Mr. Hickling attended the inaugural meeting of this group, and they plan to visit some recently built middle schools in the area. He expressed some concern about the rushed nature of the process—they are moving very quickly. Although the School Department plans to apply for MSBA funds, it is unlikely that Concord will receive any funding. Ms. Rainey noted that the School Committee will know by December whether it is eligible for MSBA funding.

Library Committee - Mr. Taylor noted that the committee is wrestling with handicapped parking and access issues.

Affordable Housing Committee - Ms. Hartman noted that Grantham did not receive tax credits for the Junction Village project, but anticipates applying again next year. So this project is still alive.

Finance Director 's Report

Ms. Lafleur provided an update on the line item transfers that were made under the auspices of MGL Ch. 44, §33B at the June 27 meeting. FY19 has now been closed out, so the numbers are now finalized. Two of the transfers voted at the June 27 meeting have been changed, as follows:

Item	Department	Transfer To	Transfer From	Description
2	Legal Services	(\$54,462.47)		To cover June 2019 expenses; originally estimated at \$40,000
8	Finance (Treasurer/Coll)		\$54,462.47	
38	Social Security & Medicare	(\$1,962.35)		To cover deficit in Social Security expense
31	Town Employee Benefits		\$1,962.35	

Ms. Lafleur clarified that the transfer from the Finance Department was possible due to a couple of vacancies and one retirement, with positions filled at lower salaries. She explained that the statute only allows transfers from May 1 to July 15 each year by votes of the SB and FC, and only to close out the fiscal year. Otherwise, transfers can only be done by a town meeting vote. Mr. Swain noted that use of the Reserve Fund rests with the FC alone, while the responsibility for approving transfers is shared between the FC and the SB.

On a **MOTION** made by Ms. Hartman and seconded by Mr. Taylor, it was unanimously **VOTED** to approve the above two adjusted transfers under MGL Ch. 44, §33B.

Citizen Comments

None

Adjournment

The meeting adjourned at 9:26 pm.

Respectfully submitted,
Anita S. Tekle

Documents Used or Referenced at Meeting:

- Finance Committee meeting schedule
- Draft FY21 Guideline Letters (Chair CCRSD; Chair CPS; Chair Minuteman SC; Town Manager)
- Line-Item Transfers Chart, Revised