

**Town of Concord
Finance Committee
Guidelines Subcommittee
Meeting Minutes - October 4, 2018**

Present: Dean Banfield, John Hickling, Karle Packard, Scott Randall, Christine Reynolds, June Rzepczynski, Brian Taylor and Andrea Zall

Absent: Peter Fischelis, Grace Hanson, Mary Hartman, Richard Jamison, Phil Swain, Thomas Tarpey (one vacancy)

Others Present: Minuteman School Committee Representative Carrie Flood; Minuteman Staff as follows: Asst. Supt. of Finance Kevin Mahoney, Director of Special Education Amy Perreault, and Asst. Business Manager Michelle Shepard; Concord Finance Director Kerry Lafleur

Meeting Opened

Guidelines Chair Banfield opened the meeting at 7:05 pm in the Select Board's Meeting Room at the Town House. A quorum was reached at 7:20 pm, and the formal meeting was convened. He noted that the meeting was being audio recorded for the purpose of the minutes.

Minuteman High School Presentation

Carrie Flood, Concord's Representative to the Minuteman School Committee, introduced the Minuteman staff, as noted above. She noted that she is entering her eighth year as Concord's appointed representative to the School Committee, and her term will expire in April 2019. She invited any interested Finance Committee (FC) members, or other individuals, to consider serving in this capacity. Those interested should contact the Select Board, which under the revised regional agreement serves as the appointing authority for the Minuteman Regional School Committee.

Ms. Flood explained that the budgeting process is incrementally more difficult this year due to the new building, new borrowing (Minuteman has not had any debt in recent years), and change in membership (six communities withdrawn and Belmont reconsidering returning). In accordance with state law and the regional school agreement, a capital fee will be imposed on non-member communities wishing to enroll students at Minuteman. She noted that changes to Dept. of Education regulations have made it more difficult for out-of-district students to attend Minuteman. If five or more vocational programs are offered in a student's home district, then that student is not eligible for out-of-district placement, even if his/her desired program choice is not among the five.

Mr. Mahoney noted that he had received the FC's July 31, 2018 letter requesting specific data, and his presentation would be in response to that request. Ms. Perreault started off the presentation by announcing that Minuteman had been recognized as a "National Blue Ribbon School." Minuteman is one of only three schools in Massachusetts with this recognition, and the only vocational school to reach this high level of achievement. The recognition is given for both high achievement and significant progress in closing achievement gaps. The FC members expressed their congratulations. Ms. Perreault noted that Minuteman delivers robust academics in addition to powerful career and technical skills. Programs link high school to college and careers, so that graduating students leave Minuteman prepared for the next step in their lives. Mr. Mahoney and Ms. Perreault reviewed the "academy model" that permits students to stay with a core group of teachers from Grades 9 through 12, clustering students around career tracks (such as construction & trade, life sciences, etc.). Rigorous academic courses are integrated with robust technical/vocational courses, organized around a career theme. Partnerships are established with local employers so that students are provided with a range of career development and work-based learning opportunities.

Mr. Mahoney noted that the Mass. Department of Secondary Education (DESE) has designated Minuteman as a "Level 1" status school. He noted the following achievements:

- 99% 1st Pass Rate on the English Language MCAS
- 97% 1st Pass Rate on the Biology MCAS
- 98% 1st Pass Rate on the Math MCAS

He also noted that Standard & Poor's has recently confirmed Minuteman's AA bond rating. In response to a request from Mr. Hickling, Mr. Mahoney agreed to provide the FC with the bond rating report.

Follow-Up: Kevin Mahoney to provide Minuteman's latest bond rating report, which will be distributed by Ms. Lafleur.

Mr. Mahoney noted receipt of a \$1.4 million grant for a photovoltaic canopy in the parking lot area, which is expected to be installed in late spring/early summer 2019. At this point, the detailed projection of the energy that will be generated is unclear.

Mr. Mahoney briefly reviewed the post-secondary programs offered at Minuteman to train/retrain adult students. Ms. Flood noted that these are offered at night over 10 months, to allow these students to continue to work during the day. Industry certifications and licensing exams are also available. She anticipates that Pell Grants will be available to students to assist with tuition beginning in 2019, noting that students are responsible for paying 50% of the tuition (with their sending communities responsible for the other 50%). There is no age restriction on this program, so recent

graduates may attend, in addition to older residents needing retraining after a layoff or change in career.

Mr. Mahoney reviewed progress with the new building project, which is expected to be completed around July 25, 2019, which is one year ahead of schedule, thanks to the contractor Gilbane’s commitment to this timeline. The building will be weather-tight by December 2018 and is being constructed on-time and on-budget. He invited FC members to track construction updates at Minuteman’s web site - www.minuteman.org. Mr. Mahoney reported that Minuteman is exploring a partnership with the Town of Lexington to augment expansion of the athletic fields to provide for three new synthetic turf fields, lighted tennis courts, bleachers, press box, athletic building with concession stand, and a storage building. The 2019 Lexington Annual Town Meeting will consider approving an \$8 million investment for this project. If funding is approved, then Minuteman programs will have a priority for scheduling. It was noted that while the new building is within the Town of Lincoln, the athletic fields are within the Town of Lexington. He noted that Lexington is experiencing significant field shortage, and offering lighted turf fields away from residents would be a benefit to the Town. While the total project cost would increase if this is approved, it was confirmed that member communities would not be expected to pick up this cost, since it would be borne primarily by the Town of Lexington.

Mr. Mahoney noted that Minuteman is exploring development opportunities with “mission-compatible partners” that would be “campus-centric.” Recently passed state legislation provides for ground leases for up to 50 years for this purpose. The UMASS Donahue Institute is providing technical advice on this project, with Requests for Proposals expected in the Spring of 2019. Ms. Flood noted that any money received from such leases would be used to reduce capital obligations of member communities.

Ms. Perreault reviewed enrollment numbers, which are as follows as of October 1, 2018:

	2019	2020	2021	2022	Total
In-District	67	87	100	103	357
Out-of-District	52	42	46	20	160
Total Enrollment	119	129	146	123	517
Total SPED Enrollment					47%
Concord Enrollment	5	7	2	10	24

In response to a question from Mr. Banfield about non-member communities, Mr. Mahoney indicated that some are questioning the high rate of out-of-district tuition, which includes a portion of capital costs. Minuteman is considered very desirable due to its wide variety of program offerings. Under new state guidelines, if a student’s resident community offers five or more vocational programs, then attendance at an out-of-district school requires a sign-off from that community’s superintendent, which is very rare due to the cost. The out-of-district estimated cost is \$17,000 tuition + \$5,300 for a special

education student + transportation + contribution to the capital costs, for a total of \$30,000-\$32,000/student/year. The out-of-district tuition is set annually by the DESE Commissioner. He also noted that member communities have priority for enrollment vs. non-member communities. In response to a question from Ms. Reynolds, Mr. Mahoney noted that the design capacity of the new building is 628 students. Ms. Perrault noted that 47% of Minuteman students receive SPED services (highest SPED population in Massachusetts). Minuteman’s hands-on learning model is beneficial to many SPED students. In response to a question from Mr. Taylor, Ms. Perrault noted that 50% of Concord’s enrollees receive SPED services, which has been fairly consistent over the years. Minuteman does not send any SPED students out-of-district—that responsibility rests with a student’s resident community.

Mr. Mahoney reported that the recent addition of an Asst. Director of Admissions allows for more active recruitment in the Minuteman district. She noted that 73% of applicants are accepted and enrolled at Minuteman. A large number of out-of-district applicants are rejected due to ineligibility.

In response to a question from Mr. Banfield, Ms. Perreault noted that the application process consists of an online application, a review of 7th and 8th grade transcripts (must have passed 8th grade English & Math), letters of recommendation, attendance records, an interview, and discipline history. Discipline problem students are weeded out. The Town of Watertown has expressed an interest in joining Minuteman, and Belmont is reconsidering its decision to leave the group. Mr. Mahoney noted that the member communities offer very high-performing schools, so there is stiff competition when trying to recruit students to Minuteman. Ms. Flood noted that it is often difficult to even get academic or athletic news from Minuteman into the local newspapers.

In reviewing the FY18 budget to actual numbers, Mr. Mahoney noted that the Excess & Deficiency account (E&D) had budgeted \$695,000 in FY18, and used \$600,000, leaving a balance on 6/30/18 of \$95,000. This will be retained in the E&D account. In reviewing staffing patterns over the past four years he noted a FTE staff reduction of 16.0 in teachers, support and administrative staff from FY16 to FY20, noting that the student/teacher ratio hasn’t changed. Some reductions are due to the reduction in program offerings and the new academy model. There are generally two teachers present in each classroom, due to the high number of SPED students. Minuteman continues to “right size” staffing levels, based on new building and program needs. Mr. Mahoney reviewed the per pupil expenditures for the past three years, as follows:

Expenditures Per Pupil (including \$5,300 SPED services)	
Fiscal Year	Operating Budget
FY17	\$28,764
FY18	\$30,612
FY19	\$36,783

Minuteman actively seeks and obtains grants, partnerships and private funds to offset funding gaps, and has been very successful with receiving grants for capital equipment.

Mr. Mahoney reviewed FY20 preliminary budget priorities:

- Collective bargaining—3% increase (Yr 3 of 3-year contract) - must pay competitive wages in order to compete with the area market, particularly when seeking teachers with technical skills
- Debt service funding requirements for building project
- Bus Transportation contract—3.5% increase budgeted; will issue new RFP to see if can obtain a more competitive rate
- Minuteman Retirement Board assessment up \$20,000
- Stabilization Fund -- \$100,000
- OPEB funding -- \$50,000 - approx. \$300,000 in OPEB reserve fund, with unfunded liability as of 6/30/2017 at \$19,638,042; Minuteman funding \$50,000/year since FY15; will be reviewing long-term funding strategy this year

Ms. Flood noted that many of Minuteman's member communities are not committed to funding OPEB as aggressively as Concord.

Mr. Mahoney reviewed the certified E&D, which is at \$620,746 as of 7/1/2017. The financial goal of the District is to maintain an E&D balance within 3-4% of the annual operating budget. In response to a question from Mr. Randall, Mr. Mahoney noted that the debt service assessment to member communities is based on a 4-year average enrollment. There is a complicated formula, starting with a fixed minimum assessment + several variables. A community's "wealth" (based on property valuation and income) factors into the assessment. Ms. Reynolds observed that Concord's FY20 assessment will increase due to enrollment increases. Ms. Flood noted that the capital assessment in Concord for the Minuteman project is outside the levy limit. In response to a question from Mr. Banfield, Mr. Mahoney noted that 68% of Minuteman graduates go on to college, and 98% of graduating students go into college, are employed in their chosen field, or enter the military following graduation.

There were no citizen questions. At 8:35 pm, Mr. Banfield thanked Ms. Flood and the Minuteman staff for attending the meeting and for their responsive and informative presentation.

Finance Director 's Report

FY18 Wrap-Up Ms. Lafleur reported on a correction to her report last week about the Concord Public Schools returning \$1.5 million of unused money to the General Fund. After final bills were processed, the actual amount returned was \$1,712, which is more in keeping with the School Department's recent past practice. She also needs to adjust the debt service final numbers, and closing transfers. She plans to review the specific

numbers at the October 11 meeting. She noted that free cash is currently under 10%, and she hopes to discuss at a future meeting whether the FC is comfortable with making a \$1 million free cash transfer to offset the tax rate for FY20. In response to a question from Mr. Packard, there is no new debt service anticipated that is not already included in the Town's 5-year capital plan. Although some items have been discussed—new middle school, new public safety building—these unapproved items are budgeted at this time, so they have not been included in the debt plan. The recently approved White Pond capital improvements have been incorporated into the existing debt plan. She noted that the Town has a facilities plan underway, so any new projects emerging from this study can be plugged into the debt plan. She noted that only committed school debt is included, so there is no funding plan in place for a new middle school.

FY19 Update Ms. Lafleur noted that the October 1 Special Town Meeting appropriations have been plugged into the FY19 budget. Following the State's final approval of its budget, Concord received \$34,596 in additional state funds (mostly for Chapter 70). New growth has been certified at \$1,235,000 (estimated at \$1,025,000). The increase is due to utility infrastructure improvements (National Grid, Verizon, Comcast, etc.) which are valued by the State and not done on a local level. She has increased the FY19 local receipts estimate by \$290,000 due to the increase in meals tax, jet fuel tax, and excise tax receipts received in the first quarter of FY19. These numbers are difficult to estimate, since the funds are sent directly to the State and then a portion is returned to the local community, with no breakdown or explanation. However, based on very strong 1st quarter receipts, she is comfortable increasing the estimate.

In response to a question about Transportation Network Fees received from the State, Ms. Lafleur noted that these are based on a \$.20 per ride levy on each ride initiated in Concord, and then Concord receives 50% of that levy. Overall, Ms. Lafleur anticipates a 3.98% increase in the amount raised for FY19 from property taxes (over FY18).

FY 20 Estimates Ms. Lafleur estimates an increase in approximately \$80,000 in Minuteman's assessment. Although it is early to project the specific increase in health insurance, she does project a significant increase. About 50 employees enrolled in the newly offered high deductible plan, with more families choosing the higher deductible rather than younger single employees. She noted that this level of participation was the highest in the Minuteman group health plan in which Concord participates. She hopes that additional employees will choose this plan in the second year of its offering, beginning June 1. She noted that Concord's employer share of 50-63% of premium is low when compared to other municipalities (which are typically 70-75%), so the out-of-pocket costs for premiums are already high for Concord employees. The higher deductible is \$2,000/individual and \$4,000/family, which is higher than many private plans.

Ms. Lafleur reported on the Senior Means tax exemption program, which in its first year had 59 applicants. Fifty were approved (the remainder denied since they did not meet the program requirements). This plan offers a reduction of up to 50% of property taxes for qualifying applicants. The total cost of this program is \$191,413, with individual exemptions ranging from \$2,100 to \$5,100/year. This will have an effect of \$.03 on the residential tax rate. She noted that the “shift” doesn’t affect commercial/industrial tax rates. She noted that the implementation of this will be further discussed at the Select Board’s meeting with the Board of Assessors on October 15.

Adjournment

The meeting adjourned at 9:15 pm.

Respectfully submitted,

Anita S. Tekle

Recording Secretary (from audio recording)

Documents Used or Referenced at Meeting:

- Letter from Finance Committee to Minuteman School Committee FY20 Guidelines Data Request (dated 7.31.2018)
- Minuteman School’s PowerPoint Presentation (dated 10.4.2018)
- Kerry Lafleur’s FY18 Wrap-Up & FY19 Status Update Spreadsheets (dated 10.1.2018)