

**Town of Concord
Finance Committee
Guidelines Subcommittee
Meeting Minutes - October 11, 2018**

Present: John Hickling, Mary Hartman (Clerk of the Guidelines Subcommittee), Richard Jamison, Karle Packard, Christine Reynolds, June Rzepczynski, Phil Swain, Thomas Tarpey and Andrea Zall

Absent: Dean Banfield, Peter Fischelis, Grace Hanson, Scott Randall, Brian Taylor (one vacancy)

Others Present: Town Manager Chris Whelan; Budget & Purchasing Director Jon Harris; Concord Finance Director Kerry Lafleur; School Committee Members Robert Grom and Wally Johnston

Meeting Opened

Ms. Hartman called the meeting to order at 7:00 pm in the Select Board’s Meeting Room at the Town House. She noted that the meeting was being recorded and broadcast live by MMN (Minuteman Media Network—formerly CCTV).

Town Manager Budget Presentation for Town Departments

Mr. Whelan referenced the two requests he had received from the Finance Committee (FC) - one on July 31 and a subsequent memo from Mr. Banfield requesting information about municipal services provided to the Concord-Carlisle Regional School District (CCRSD). He prepared a brief response to the latter request, and a more comprehensive response to the former annual request. He noted that the list of facilities and services provided to the CCRSD by the Town of Concord was reviewed by both the School Superintendent and Town department heads, and captures the vast majority of facilities/services, but may not be all-inclusive. Following is a summary of facilities and services provided to the CCRSD:

Facility	CCRSD Pays Share of Operating Cost?	CCRSD Pays Share of Capital Costs?	Comments
High School Turf Fields	No	No	\$50K paid annually by sports groups
Beede Center	No	No	Phys Ed Classes, Swim & Dive Team - cost to Beede Center is estimated at \$50K/year
Ripley Admin Building	Yes (60% operating costs paid by CPS; 40% by CCRSD)	No	Parking Lot, Interior Improvements; estimated \$1 million spent for capital improvements

Emerson Field	No	No	Freshman & JV Sports
Emerson Track	No	No	CCHS teams use track
Emerson Tennis Courts	No	No	CCHS teams use courts
Rideout Field	No	No	Ultimate Frisbee Team
37 Knox Trail	Yes	No	Bus Driver Meeting Space
Bus Facility	Yes	No	
Services	CCRSD Pays Share of Operating Costs?		Comments
Typical Police Services	No		
School Resource Officer	No		
Typical Fire Services	No		
Health Inspections	No		
Library Student Study Nights	No		
Public Works:			
• Sand	Yes		In the past, paid by Concord only
• Salt	Yes		In the past, paid by Concord only
• Fueling	No		
• Use of Compost Area	No		
HR–CDL Testing	No		
IT–Dark Fiber Linking Schools to Ripley Admin	Yes		Leasing fiber from 6 schools to Ripley
Permit Fees Paid?	No		Permit fee for new building would have been \$850K and Town Manager asked to waive these; he negotiated a reduced fee of \$100K, with Concord absorbing the \$750K loss

Town Use of CCRSD School Facilities (benefit to Concord to have CCHS within Concord):

- Use of CCHS Rooms for Town Meetings, Community Events, and Police Department Training
- Permanent space at CCHS allocated for MMN TV Studios
- Public Safety Antenna/Repeater installed atop CCHS building

In discussing the fee waiver for the CCHS building permit fees, Mr. Whelan indicated that this was a significant contribution made by the Town of Concord. In the future, he suggests that the Select Board be involved with any fee waiver request in excess of \$30,000. Ms. Hartman asked whether the Town of Sudbury waives fees for Lincoln-Sudbury High School, and how other regional school districts handle this issue. Mr. Hickling inquired as to whether there are any “best practices” recommendations for handling costs for regional schools. Mr. Whelan agreed to research this issue.

Follow Up: Town Manager Whelan will review and report back to the FC as to how other regional schools handle the issue of building inspection and other fees

for school projects, and whether the fees are waived by the host community. He will also inquire as to whether there are any “best practice” recommendations provided by state or national organizations as to how to handle costs for facilities and services provided to regional schools by the host community.

Mr. Whelan noted that when services provided to the schools are charged, then they are generally split by the School Department on a 60-40 basis (CPS/CCRSD). With Carlisle’s enrollment approximately 25% of the high school, the impact of Carlisle not paying for system-wide services is approximately 10%, or 25% for a services provided at the high school only. In response to a question from Ms. Rzepczynski, Mr. Whelan indicated that Concord Academy allows the Recreation Department to use its indoor basketball courts for winter programs, and has made some contributions to Town capital projects. He noted that Middlesex School track teams practice and host meets at Emerson Field, and that Middlesex School recently paid to renovate the Emerson track, and has provided other contributions towards capital projects for the Town.

Annual Budget Data Request Response

Mr. Whelan then reviewed his response to the FC’s July 31st budget data request.

1. FY19 Budget Performance Three months into the fiscal year, most budgeted accounts are in good shape. Other than Legal Services (addressed at the Special Town Meeting), no other deficits are projected.
2. Warrant Presentation In accordance to a request from the Town’s auditor, beginning with the 2019 Annual Town Meeting and the FY20 budget schedule, the Town will provide a department’s gross appropriation (including inter-fund transfers from the Enterprise Funds or other credits used to fund a department) rather than the net appropriation, which has been the practice in the past. The purpose of this change is to allow Town Meeting to authorize all of a department’s spending, and not just the portion that is supported from the General Fund.
3. Services Status and Anticipated Changes While the current level of programs and services generally reflects the needs and interests of Concord residents, Mr. Whelan noted several trends to consider in the next few years.
 - Demographics—Concord has a high percentage of senior residents—31.8% of residents are 60 or older vs. 17.9% of MA residents. He noted that 17.0% of Concord residents are 70 or older. Concord has not experienced an increase in school-age population in recent years.
 - Economic Development—The 2018 Comprehensive Long Range Plan (CLRP) recommended the hiring of a Town economic development staff person to oversee the implementation of the economic vitality component of Concord’s CLRP. Asst. Town Manager Kate Hodges has proposed that proceeds from augmented services and map sales at the Visitor Center could be used to fund this position. He noted that the Visitor Center experienced a net profit of \$5,000

this past year (income higher than expenses), and if visitor service programs were augmented, then she feels that a part-time staff person position could be funded. Mr. Whelan noted that the Town received approximately \$800,000 in hotel/motel and meals excise taxes in FY18, which was primarily from visitors. He indicated that it would be helpful to have a staff person to assist in “selling Concord” to prospective new businesses.

Increased visitation in West Concord is anticipated following completion of the Bruce Freeman Rail Trail. The Department of Planning & Land Management has requested funding of a West Concord Visitors Center & Restroom Facility, at an estimated cost of \$412,800. Mr. Whelan indicated that there are no public restrooms in West Concord except at Rideout Playground and Harvey Wheeler Community Center. He has preliminarily included this funding in the 5-year debt plan, without a specific site being identified.

- New Public Parks Town Meeting has recently authorized the acquisition of two new public parks—Gerow land on Commonwealth Avenue and the White Pond beach and surrounding conservation area. Both of these projects will require some capital improvement investments in order to operate effectively as public recreation facilities.
4. Collective Bargaining Concord negotiates collective bargaining agreements with the following unions:
- Police (effective July 1, 2017-June 30, 2020)
 - Dispatch - currently in negotiations (contract expired 6/30/2018)
 - Fire (effective July 1, 2016-June 30, 2019)
 - Library (effective July 1, 2017-June 30, 2020)
 - Public Works - **currently in negotiations (in mediation, following 2½ years of negotiations)**

Mr. Whelan noted that labor counsel has been utilized more frequently in recent negotiations. Unemployment is very low in MA and Concord has experienced competition for trained, experienced workers. This is especially keen for technical and financial positions, which have been difficult to fill. While increases in the 2.5% range have been provided in recent years (plus a merit increase for those employees not at the top of the scale), the Town’s HR Director has recommended an adjustment of 3% for FY20 to reflect the low competitive labor market and Concord’s comparatively low employer contribution to employee health insurance. Employees frequently express concern that much of the annual salary increase is consumed by higher health care costs. Mr. Whelan also anticipates making some salary adjustments required under the “Mass. Pay Equity Act” which took effect on July 1, 2018, as well as adjustments to reflect the steadily increasing Massachusetts minimum wage. Although Concord is exempt from the Minimum Wage Law, it is challenging to recruit and retain van drivers, library pages and camp counselors if we

pay below minimum wage. In response to a question from Ms. Hartman, Mr. Whelan indicated that Concord does not experience high turnover overall, with the exception of entry level positions. Ms. Rzepczynski noted that the burden of paying for increased health insurance costs is shared with taxpayers. Mr. Whelan noted that he doesn't recommend a change in Concord's contribution level until the Town's OPEB liability is fully funded.

Mr. Hickling asked whether anything can be done to reduce Concord's long-term health costs. Ms. Lafleur noted that the increased deductible option offered this past year is one good step in this direction. In response to a question from Mr. Packard, Ms. Lafleur noted that the federal government and retirees fully pay for Medicare costs, with no cost to the Town. The Town offers a Medicare supplement plan to its retirees, and pays 50% of the premium. This cost is factored into the Town's OPEB liability.

5. Funding Levels Mr. Whelan noted that the recently approved increased inventory of public recreation facilities will result in increased demand for grounds maintenance staff to manage these properties. The General Fund will be used to support these maintenance needs. Mr. Hickling inquired about the proposed fees for White Pond, and Mr. Whelan indicated that this issue is still being explored—do we charge a lower rate and provide access to more residents (with the understanding that on high-demand days, access would not be available to all), or do we charge a higher rate and sell fewer passes?

The Fire Chief has requested fully funding of staffing for the ambulance in West Concord. This ambulance is currently only staffed 12 hours/day, seven days/week. The Chief requests that the position be funded 24/7. Initial funding could be provided through the Emergency Response Stabilization Fund (MEWS project), which has a balance of \$625,000. The Police Chief has also requested ongoing funding of the School Resource Officer (FY19 funding approved at the October 1 Special Town Meeting), the addition of a day-time uniformed officer to help with added call volume, and the addition of a detective to assist with the ongoing opioid crisis and other substance abuse problems. He noted that Concord has experienced 1-2 recent fatalities, and several occasions when Narcan has been used for overdose victims.

6. Capital Program Mr. Whelan divided the capital program into four categories. The General Fund Capital Outlay consists of capital items that are paid for with current year funds, such as building improvements, department vehicles, police cruisers, sidewalk and drainage improvements, and CPW heavy equipment. The FY20 funding level is \$2,020,000 (2.0% of the total budget, minus excluded debt). The Debt Authorization Plan includes the larger capital items such as land acquisition, building renovations, and road/parking lot reconstruction, and require a 2/3 Town Meeting approval. The only proposed addition to the Enterprise Debt Schedule for

FY20 is for the installation and set-up of a 125kw cogeneration system to reduce energy consumption and costs at the Beede Center. This is expected to cost \$600,000, with \$400,000 to be borrowed and \$200,000 to come from a MA Green Communities Grant. The two likely excluded debt projects under consideration are the planned construction of a new middle school, and the likely need to make a major investment in other municipal buildings. The Comprehensive Municipal Facilities Study will be completed in the Spring of 2019, and it is likely that several projects will be proposed, to be funded over time. In response to a question from Mr. Swain about the status of the FC's request to consider the appointment of a Permanent Building Committee, Mr. Whelan indicated that this is on the agenda for discussion at the Select Board's October 29 meeting.

7. OPEB Ms. Lafleur indicated that as of the 6/30/2017 valuation, Concord is approximately 30% funded for its OPEB liability. The Annual Required Contribution (ARC) is the yearly amount that the Town needs to set aside to cover the accrued actuarial liability. Concord has been fully budgeting the ARC based on the 6/30/2017 valuation. Jon Harris explained that if Concord continues to appropriate the ARC, then the \$30 million outstanding obligation will be fully funded by 2039. When the revised OPEB valuation report as of June 30, 2018 is received in December, adjustments will be made to the Town's contribution.
8. Town Meeting Directives Mr. Whelan noted that recent citizen petition articles have had a financial impact on the Town, but he does not wish to discourage citizen initiatives that are well developed. Even though they "bump to the front of the line" in terms of funding (without having to go through the normal budget process scrutiny), they are an important part of the fabric and history of Concord's open town meeting form of government.
9. Land Acquisition Mr. Whelan noted that the 2229 Main Street planned acquisition provides an opportunity to plan for the re-use of this property, and for budgeting for any improvements. EPA has offered to provide funding for re-use planning of the site. In response to a question from Mr. Swain, Mr. Whelan indicated that the EPA has asked the Town to hold off on conducting the recently-proposed study (funded at the 2018 Annual Town Meeting) until after January 1. He noted that the five-year debt authorization plan includes the following funding for land acquisitions: FY20--\$230,000; FY21--\$230,000; FY22--\$730,000; FY23--\$350,000; and FY24--\$350,000. In response to a question about rumors of the Walden Street Court House closing, Mr. Whelan indicated that he has heard rumors that the State is considering consolidating its court operations, nothing is confirmed. Mr. Hickling inquired whether Concord has considered selling any of its surplus land. Mr. Whelan responded that residents cherish nearby open space that is owned by the Town. The only recent time he recalls Concord selling surplus land was on Strawberry Hill Road for a housing development.

10. Succession Planning Mr. Whelan indicated that the Select Board’s goal is to have a new Town Manager chosen by May 1, with a start date in early June. He intends to work until mid-May, and then to take his remaining vacation. If there is a delay in selecting a new Town Manager, then the Assistant Town Manager would be capable of serving as Acting Town Manager. In response to a question about zero-based-budgeting, he indicated that he looks forward to watch its implementation at the School Department. This could be considered for the Town in the future. Mr. Hickling suggested that prospective Town Manager candidates be asked about their experience with zero based budgeting.
11. Benchmarking Mr. Whelan noted that he and Town department staff utilize the benchmarking components of ClearGov, which has been very useful for comparative purposes. In the future, ClearGov’s budget builder module will be incorporated into the Town’s budget process.
12. Public-Private Partnerships No comments were made to supplement the written document.
13. Additional Information No comments were made to supplement the written document.

Mr. Whelan provided an overview of the FY20 department funding requests, totaling \$1,987,931 (8.27% increase over FY19 Town Budget). He noted that these items are the wish list requests, which he has not yet prioritized. There was a discussion of some of the items, as noted below.

Department	Project	Requested	Comment
Town Manager/HR	Full-time Clerk	\$40,000	
Resource Sustainability	Full \$100,000 Sustainability Director’s Salary	\$52,000	
Facilities Maintenance	HVAC Technician	\$95,000	currently spending \$160K to HVAC vendors
White Pond	Supplement Operating Costs	\$20,000	
Legal Services	Supplement Legal Expenses	\$25,000	may not be necessary
Planning	Enhance Local Transportation	\$34,800	cross-town connect; projects to get more cars off the road
Natural Resources	Land Manager	\$57,000	
Town Clerk	Archivist	\$65,000	best practice for records management
Police	Assume part of school resource officer’s salary	\$15,000	
Police	Two additional officers	\$115,000	salaries only; could possibly reduce overtime costs
Fire	Staffing 2 nd ambulance 24/7	\$89,131	remainder paid from MEWS account; 4 FF—one added to each of 4 groups
Fire	Promote 4 Firefighters to	\$40,000	

	Lieutenants		
Information Technology	Communications and IT position for Library	\$58,000	currently being done by librarians; this would be an IT professional who reports to IT Director
Library	Part-Time Custodian Maintenance Supervisor	\$30,000	Library Director currently spends a lot of time managing the facilities
Council on Aging	Expand Senior Services Support Staff	\$40,000	drivers, activities coordinator
Council on Aging	Additional Van Expenses	\$10,000	fuel, tires
Recreation	Park Maintenance Staff (2)	\$100,000	maintenance beyond fields at Rideout, Gerow, etc.
Capital Outlay	Planned Increase	\$75,000	
Salary Reserve Fund	Union and Non-Union Increases	\$1,027,000	3% increase
TOTAL		\$1,987,931	
Percent Increase from FY19 Town Government Budget		8.27%	Emphasize that this is preliminary

Ms. Hartman noted that 50% of the increased request is for salary increases. If the proposed 3% salary increase were to be reduced to 2.5%, then the cost is estimated at about \$1.65 million. Mr. Whelan noted that Concord's proposed increase is comparable to what is being considered in other municipalities. He emphasized that Concord has experienced difficulty when hiring key positions. Ms. Hartman asked whether the higher increase could be considered just for those positions that have been difficult to fill, rather than across-the-board. Mr. Whelan noted that this could be considered, but some positions cross departments. Mr. Packard noted that the CCHS contract has increases of 2%, 2% and 2.5% over a three-year period.

Follow Up: Mr. Whelan agreed to provide an estimated cost of benefits for the newly proposed positions that are included in the final budget request.

Mr. Swain commented that CPS and CCRSD fully pay the operational costs of the new bus facility. He had heard of an earlier plan to charge "rent" for use of the facility, which Concord fully funded, and inquired about the status of this plan. Mr. Whelan noted that Carlisle contributed to the cost of leasing an out-of-town bus facility before the construction of the new facility. He has discussed the issue of Carlisle contributing to the capital costs with the School Superintendent, who indicated that there is no easy way to accomplish a contribution from Carlisle. Mr. Swain noted that Concord paid \$1 million for the former bus depot at the high school, which was torn down for the new high school, and paid \$4 million for the new depot. Carlisle contributed to neither project, which Mr. Swain found disturbing. Mr. Whelan agreed to further research this issue (see Follow Up on page 2).

Finance Director 's Report

FY20 Estimate of Available Resources for Guidelines Ms. Lafleur provided some preliminary estimates on FY20 revenue and fixed cost expenses. As a starting point, she noted that she has made the assumption that the FC wishes to maintain the unused levy capacity at the current 4.54% level. She noted that the high school debt stabilization fund has been fully utilized, so is not available for FY20. As a result, the cost of exempt debt is increasing, even though there has been no increase in overall debt. She is estimating new growth at 1.3%. She noted that a 2.44% increase to the base represents an increase of 2.67% available for the guideline budgets. The overall non-guidelines budget can increase by 3.11%. In response to a question from Ms. Hartman, Ms. Lafleur indicated that for budgeting purposes, the Town estimates the cost of benefits to be 30-35% per employee. A more specific calculation could be developed.

Follow-Up: Ms. Lafleur to develop a more detailed cost of benefits for employees, as a percentage of salary.

Ms. Lafleur indicated that 86% of the Town's retirement liability is funded (actuarial value—"smoothing over" the increases over a 4-year period) and 90% funded (market value—no "smoothing over," with no accounting for increases or decreases in the market). The current discount rates are 7% for the Retirement System and 7.5% for OPEB. Ms. Lafleur noted that the average retirement earnings over a 10-year period have been in excess of 7%. Mr. Jamison noted that Moody's puts all municipalities on the same level and uses a 5% discount rate.

Adjournment

The meeting adjourned at 9:30 pm.

Respectfully submitted,

Anita S. Tekle

Recording Secretary (from video recording)

Documents Used or Referenced at Meeting:

- Letter from Dean Banfield to Town Manager Re: Concord Services provided to CCHS (dated 10.3.2018)
- Mr. Whelan's response/chart of Services & Facilities provided by Concord to CCHS (dated 10.10.2018)
- Mr. Whelan's response to Finance Committee's Annual budget request (dated 10.11.2018)
- FY20-24 Town Capital Program—Debt Authorization Plan (updated 10.11.2018)
- FY20-24 Capital Outlay Plan (General Fund) (dated 10.11.2018)