



Town of Concord
Finance Committee
22 Monument Square
Concord, Massachusetts 01742-0535

AGENDA

Concord Finance Committee

July 23, 2020 at 7:00 PM

via Zoom Webinar and broadcast on MMN

Zoom Access Info:

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. <https://us02web.zoom.us/j/82048177682?pwd=VTkvQTBzUTRVdHFLVWZYbDdnZ0hjQT09>

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Webinar ID: 820 4817 7682

1. **Minutes-** May 14, 2020; June 4, 2020; June 25, 2020; others as available
2. **FY22 Budget Cycle:**
 - Sustainable Growth Rate
 - FY22 Guideline Information Request Letters
 - Observer Assignment Requests
3. **FY21 Budget Cycle (continued):**
 - **2020 Warrant Articles-** recommendation on Article 12 (all other articles left to be deliberated by the FinCom must wait until after budget hearings)
 - **2020 Annual Town Meeting Update**
 - **5-Year Tax Projection for FinCom Report**
4. **Finance Director Report-** update
 - **FY20 Year End Transfer**
5. **Chair's Remarks**
6. **Observer Reports**
7. **Correspondence-** if any

Reminders

- **Next Meeting (tentative):** July 30, 2020 for School Articles; August 6, 2020 for Town Budget Adjustments
- **Public Hearings:** Joint FC/ SB on 8/17/20; FinCom on 8/18/20; Planning Board on 8/19/20
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Chair Dean Banfield by email at:***
dbanfield.fincom@gmail.com

Supporting materials for agenda items are available online at www.concordma.gov/fcmtgdocs. Materials are generally uploaded on the Tuesday prior to the Regular Meeting.

**Town of Concord
Finance Committee
Meeting Minutes – May 14, 2020**

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

Absent: Karle Packard

Others Present: Select Board Chair Mike Lawson; Finance Director Kerry Lafleur; School Committee Member Cynthia Rainey; Town Manager Stephen Crane; CPC Chair John Cratsley; Jeremy Romanul; Residents Matthew Caggiano, Fr. Bill Robinson, Mark Howell, Ellen Rice, June Rzepczynski, Tom Valle; and Recording Secretary Anita Tekle

Meeting Opened

Mr. Banfield called the meeting to order at 7:00 pm via Zoom and broadcast via MMN. He explained the Rules of Engagement, which require all votes to be taken by roll call vote. He explained that when the time comes, he will call for a vote and ask for an audible vote by FC members. He asked that any participants who wish to be recognized to raise his/her hand.

Approval of Minutes

On a **MOTION** made by Mr. Hickling and duly seconded, and on a roll call vote (with Swain, Reynolds, Hartman, Guarriello, Patel, Hickling, Ortner, and Banfield all voting yes; and Taylor abstaining), the minutes of March 9, 2020 were **APPROVED** with one amendment. *(Note: Some members were not present for this vote, but arrived shortly afterwards.)*

Follow-Up: Mr. Banfield agreed to obtain the information about COLA adjustments in other retirement systems, as noted in the March 9 minutes.

General Comments on Current Situation

Mr. Banfield noted concerns about how the community will wrestle with FY21 budgets. State revenue is estimated to be reduced by 25%. Although we have a good free cash position, it is not sufficient to carry us through as a substitute for the anticipated loss of income. He suggests that there are uncertainties, which is different from the economic downturn in 2007-08. He invited comments from other Finance Committee (FC) members. Ms. Reynolds noted that after reading the projected income/expenses from Ms. Lafleur and Jared Stanton, she is impressed that FY21 operating budgets are not significantly affected. Some savings will be seen from fewer services being offered, which can be used to partially offset reduced revenue. She anticipates that both the Town and Schools will cut back on capital projects, which will further compensate for reduced revenue.

Mr. Guarriello expressed concern about Concord's businesses, many of which have been hit very hard. He is concerned about the effect of reduced tourism on businesses in the coming year. Ms. Hartman noted that FY20 looks to be in good shape with savings from reduced expenses, and Concord may receive some federal assistance. She feels that FY21 budgets will have to be redone due to the anticipated revenue shortfall. She feels that it may be too late to delay capital (FY20 debt) spending in FY21, but she feels that cutbacks will be needed in FY22 (for FY21 debt). She feels that the business sector is looking grim, and is concerned about FY22. Mr. Patel expressed concerns about FY21, 22 and 23. He is concerned about the reduction in state income, which will most likely affect

school aid. He anticipates a spillover effect on property values. Mr. Banfield noted that property values dipped in 2007-08, but then climbed back. Mr. Patel feels that this recession will be longer and deeper than in 2008, taking longer to recover.

Mr. Taylor noted a lag in the effects of the pandemic, for both local and state receipts. He is uncertain how significantly the reduction in state revenue will affect Concord in the short term. It may take a year or longer before the full effect is realized. He felt that we need to adequately plan for the future, three-four years out. Mr. Hickling expressed a more conservative view, noting that unemployment in Concord is already at 21%. He is concerned about both local and state revenue. He is encouraged by the Middle School Building Committee's (MSBC) prudent decision to pause the middle school project. He feels that we should hope for the best and plan for the worst.

Ms. Ortner suggested that the FC consider how best to provide support to the schools, taxpayers, businesses and non-profits, and take these interests into consideration when allocating limited funds. The current situation won't go away in six months. She suggests that we take the long view in providing support by tightening our belt. Mr. Jamison noted that lots of business customers are facing existential issues, and some businesses won't survive. Commercial real estate values are anticipated to decline 10-15%. Some businesses are completely shut down, with no certainty of reopening. He anticipates that this decline will trickle down to the local level. He anticipates that although we will feel pain, he feels that we can ride it out in the long term. Mr. Tarpey expressed his agreement with the diversity and quality of the opinions expressed so far.

Ms. Zall noted that she is one of the local businesses affected by the shutdown. This is the third recession that she has experienced since her business opened in 1985. She feels this time is very different. She could see the light at the end of the tunnel in 2008, but she does not feel that certainty this time around. Her business cannot survive with one customer on the premises at a time. She has difficulty receiving deliveries from out-of-state suppliers, and adequate supplies are critical.

Discussion of Current Revenue Project & Direct Effects on FY21 Tax Rates

Ms. Lafleur reviewed real estate tax collections, noting that 96.11% of FY20 real estate taxes have been received as of May 5, 2020. She compared this with the previous nine years:

FISCAL YEAR	% Collected as of 5/5	FISCAL YEAR	% Collected as of 5/5
FY11	97.31%	FY16	97.96%
FY12	97.13%	FY17	97.97%
FY13	97.49%	FY18	98.11%
FY14	97.31%	FY19	96.55%
FY15	97.90%	FY20	96.11%

She noted that we may not have definitive numbers for state aid until after June 30. She noted that a reduction in state revenue may not directly result in a comparable reduction in local aid. She feels that any recession will hit us much later than others, since we are not as dependent as many communities on state aid. She noted that the Select Board (SB) has waived interest on late payment of real estate taxes until June 30, and some taxpayers are taking the waiver. She noted that the personal property tax is slightly higher in FY20 than in FY19.

FY20 REVENUE PROJECTION						
Category	FY20 Budgeted	Estimated Normal Fiscal Year			Pandemic Impact	
		10-Month Total	FY20 Estimated Total	Δ vs. Budget	FY20 Revenue Total	Δ vs. Budget
Property Tax	94,455,982	90,262,626	94,455,982		93,983,702	(472,280)

State Aid	5,438,123	3,741,104	5,609,221	171,098	5,609,221	171,098
Local Receipts	8,562,050	7,129,487	8,637,970	75,920	8,042,757	(519,293)
Available Funds	4,933,885	4,933,885	4,933,885		4,933,885	
Total Revenue	113,390,040	106,067,102	113,637,058	247,018	112,569,565	(820,475)

To close the gap, Ms. Lafleur commented that we will either need to underspend by \$820,475 or cut into free cash. She anticipates that the Town will underspend by \$1,332,258 in FY20. If we do that, and if revenue estimates hold true, then we will be eating into free cash by \$500,000. She noted an anticipated 7.3% reduction in state aid, and a significant loss in hotel and meals tax. Overall, she projects a reduction of \$2.7 million in revenue, resulting in the need for a 2.76-3.36% reduction in the Guidelines Budget (\$90,658,906).

Revenue	Prior Years		Current Year	Next Year		Dollar Δ	% Δ
	FY18 Final Appropriation	FY19 Final Appropriation	FY20 Final Appropriation	FY21 After Guideline 12.6.19	FY21 Rev. Revenue Projection 5.4.20		
Property Tax	87,807,057	91,291,587	95,040,945	98,691,324	98,291,324	(400,000)	-0.41%
State Aid	4,923,642	5,266,476	5,465,567	5,561,986	5,156,518	(405,468)	-7.29%
Local Receipts	7,219,859	7,890,851	8,562,050	8,643,550	6,721,553	(1,921,997)	-
Available Funds	3,259,000	4,698,260	4,948,859	4,590,531	4,590,531		0.00%
Total	103,209,558	109,147,174	114,017,421	117,487,391	114,759,926	(2,727,466)	-2.32%

In response to a question from Mr. Patel about the timing of the estimates, Ms. Lafleur noted that FY20 estimates were made following 10 months of actual revenue. She noted that excise, meals and hotel taxes are returned to the Town on a quarterly basis, so that at the end of May the Town will receive these taxes for February-April. She noted that hotel taxes are already down by 1/3 compared to the second quarter of FY19. Mr. Banfield expressed support for retaining the FC's practice of transferring \$1 million from free cash to reduce property taxes, noting that a lot of taxpayers have been experiencing tough times and it is important that we provide tax relief. Mr. Hickling noted that it is clear that the quarter ending June 30 will be more difficult. In response to a question from Mr. Taylor, Mr. Banfield noted that the Annual Town Meeting (ATM) can only be pushed out 30 days at a time, and the Moderator does not at this time feel that a June ATM could be safely held. She has indicated that she is inclined to continue postponements until September. Mr. Crane commented that the ATM would ideally be held in July, but more likely September. He suggested that there will be a delayed impact of the pandemic on property values, noting that the full impact on assessed values won't be known until next January. He does not anticipate significant cuts in Ch. 70 school aid.

Future Meetings Strategic Plan (part 1)

Mr. Taylor commented that, given the uncertainty of revenue, the FC should consider rethinking the Guidelines in a more formal way. Mr. Banfield commented that he feels that the budgets discussed last December should be revisited. If the ATM is put off until after June 30, then we will use a 1/12 spending model, which is sent monthly to the State Dept. of Revenue (following approval of the SB). He does not anticipate a role for the FC in this 1/12 spending process. Ms. Hartman agreed, noting that the FC's role is to establish a new FY21 Guideline, taking all the factors into consideration. Ms. Reynolds asked whether there is a connection between the Governor's Declaration of State of Emergency and the Town Moderator's ability to continue to extend the date for the ATM. Mr. Crane responded that so many of the new rules are authorized by the Governor's declaration, so

much would go away if the State of Emergency is removed. He feels that any removal would be measured. Mr. Crane noted that the 1/12 spending is based on a budget that has already been approved by the FC. He does not plan to spend funds on any new positions during this temporary spending plan. He asked that the FC give the situation time to evolve before setting a new Guideline, since so much is still changing. Resources are limited, and he has limited capacity to perform some tasks. He feels that more reliable data will be available at a later date. He suggested that the FC put its emphasis more on how we can assist businesses and taxpayers, as noted by Ms. Ortner.

Recommendations on Warrant Articles

Articles 17-23 (Light Plant, Solid Waste Disposal, Sewer System, Sewer Improvement Fund, Water System, PEG Access & Cable-Related Fund & Beede)

In response to a question from Mr. Patel as to whether the numbers in warrant articles can be changed, Mr. Banfield indicated that the motions made at town meeting can reduce the number, or raise it by a reasonable amount (generally not to exceed 10%--not set in stone). Mr. Crane noted that the Beede number (Article 23) is anticipated to change from what is in the warrant, since Beede is currently closed. Ms. Lafleur noted that town meeting votes for the enterprise funds won't change, since the language for most does not include an actual number—the vote asks that income from the fund be expended for operations (Articles 18-21). The PILOT amount for Article 17 also won't change, since the calculation is based on the prior year's sales.

Ms. Ortner suggested that Article 23 be removed from the consent calendar, since she feels that more will be known about Beede as we get closer to the ATM.

On a **MOTION** made by Mr. Hickling and seconded by Ms. Ortner, and on a roll call vote, it was unanimously **VOTED** (with Reynolds, Banfield, Guarriello, Hartman, Ortner, Jamison, Tarpey, Zall, Rubinstein, Patel, Hickling, Taylor, Swain, and Fischelis all voting Yes) to recommend **Affirmative Action** on Articles 17 through 22.

Article 6—Personnel Bylaw Amendment

Mr. Banfield commented that Article 6 proposes a significant change, but he does not feel that it would result in a significant financial impact on the community. Ms. Hartman noted that she had reviewed the public hearing presentation, and the Personnel Board (PB) as currently functioning is considered obsolete, since they are only approving recommendations of the Town Manager and HR Director. It is not clear what the Town would be losing by significantly reducing the role of the PB and deleting the current Personnel Bylaw. Ms. Hartman suggested that the problems facing the board be reviewed and resolved, rather than dissolving their role. After a brief discussion, Mr. Crane indicated that Article 6 was not his idea. He noted that it has been under discussion by the PB for a number of years. He also noted that the Personnel Bylaw only applies to non-union employees. He feels that the Town would have some liability if it were not nimble enough in the public employment market. Mr. Guarriello asked why the FC is involved, if finances are not an issue. Mr. Banfield noted that personnel issues have a direct impact on the budget. Ms. Ortner suggested that grievances should be an independent function. Mr. Tarpey agreed that this is an important issue, but felt that it is not under the purview of the FC. Others expressed agreement.

Resident Mark Howell (former member of the FC) commented that he had until recently served as the Town's CIO for 8+ years. He sees some real problems with Article 6, noting that the issue has had scant if any public discussion. There are no PB minutes that report any discussion on the matter. He agrees that the Personnel Bylaw should be reviewed and amended, but he feels that eliminating it would not reflect the values of the Town. He recommends that there be no motion on Article

6 at town meeting. The article was generated at the last minute in January, without any public discussion, and he does not feel that it is ready for “prime time.” He urged that those who have an idea about how to improve the Personnel Bylaw and role of the PB get together for discussion and make a recommendation to a future town meeting. The current PB merely rubber stamps recommendations brought to it by the HR Director, and its role should change.

It was agreed that Article 6 is not within the purview of the FC, and that no position will be taken.

Article 7—COLA Adjustment for Retirees

It was agreed that information is missing (see “Follow-up” noted above), so a recommendation is deferred.

Article 14—Appropriate Funds for Affordable Housing Development (\$500,000 from free cash)

Ms. Ortner made the following **MOTION** which was seconded by Mr. Patel: To recommend Affirmative Action under Article 14.

Ms. Hartman noted that she had spoken against this appropriation last year, but now feels that this is justified on a temporary basis until the pending legislation authorizing additional funds for affordable housing is approved. She recommends approval, with the hope that another form of funding for affordable housing will come. She does not want this to be a recurring expense, which in her view circumvents the regular budget process. Ms. Reynolds expressed uncertainty about a recommendation, since we don’t know enough about the Town’s financial status. She was concerned that the state legislative action may take longer than anticipated, and she is reluctant to hit free cash until we know more. Mr. Banfield asked where in the context of the town budget this item would fall. Ms. Hartman responded that she felt that a line item could be created. Mr. Patel felt that this would be okay for this year only, since our cash reserves are high enough. In response to a question from Ms. Ortner, Mr. Banfield indicated that until the Trust Fund is established, the funds would be under the control of the Town Manager. Mr. Guarriello expressed support of the affordable housing goal, and felt that if real estate prices were to fall, then it would be good for the town to have funds available for acquisition. Mr. Banfield expressed concern that the legislation may be out several years. He suggested that the Town should build this appropriation into the budget gradually.

Mr. Taylor expressed concern that Article 14 falls within the “discretionary” category of appropriations. Given the level of uncertainty about the Town’s fiscal health and taxpayers’ ability to pay their bills, he questioned whether this is the best use of free cash at this time. Mr. Crane spoke in support of the article, feeling that it is important to have funds available when housing projects develop. He feels that having the available funds would facilitate real estate deals. It wouldn’t be spent if a deal doesn’t develop. He questioned whether the operating budget is the proper place for an affordable housing line item. In response to a question from Mr. Patel about the proceeds from the sale of an affordable house, Mr. Banfield indicated that the property is purchased at one price, and put back on the market with renovations or at a lower price to make it affordable. So there is not a lot of surplus money made. After further discussion, and on a **MOTION** made by Mr. Swain and seconded by Ms. Hartman, it was unanimously **VOTED** with a roll call vote (with Swain, Banfield, Reynolds, Guarriello, Hartman, Patel, Banfield, Taylor, Hartman, Ortner, Jamison, Tarpey, Zall, Rubinstein and Fischelis all voting in favor) to **TABLE** a vote on Ms. Ortner’s original motion under Art. 14.

Article 44—Community Preservation Committee Appropriation Recommendations

Due to the controversy about some of the projects, it was agreed to separate the sections. On a **MOTION** made by Ms. Ortner which was duly seconded, it was unanimously **VOTED** on a roll

call vote (with Swain, Banfield, Reynolds, Guarriello, Hartman, Patel, Ortner, Taylor, Hickling, Zall, Rubinstein, Fischelis, Jamison and Tarpey all voting in favor) to recommend **Affirmative Action** on Article 44, Items A, B, E, H, I and J.

The group then discussed Items C & D. Mr. Hickling expressed concern about the potential of litigation for these two items, which he considered a risk management issue. If someone were to object to spending public funds on properties that are owned by religious institutions, then the Town would have to defend the decision. Ms. Ortner felt that the church steeple at First Parish Church was a compelling argument. She noted that both of these projects are historic buildings in historic locations. She felt these projects are very different from the Kaplan case in Acton, noting that there are no religious components to either of these requests. Ms. Reynolds agreed with Ms. Ortner, feeling that the earlier concerns were adequately addressed. Ms. Hartman agreed that the projects had been vetted thoroughly by the CPC and she is inclined to go with the Committee's recommendation based on the merits of the projects. Mr. Banfield commented that the clock tower is a sound project, as is the conversion of the rectory to more functional community space with the roof replacement, and neither would be used for religious purposes.

In response to a question from Mr. Patel, Mr. Banfield indicated that if the funds are not spent this year, then they would be put aside for a future CPC expenditure in the appropriate category; so the funds would be reserved for future historic preservation projects. Mr. Swain expressed support for these projects, noting that he did not feel that there would be litigation since these projects are very different from the Kaplan case. He noted that an applicant cannot be denied solely because the property is owned by a religious institution.

On a **MOTION** made by Ms. Hartman and seconded by Mr. Patel, and on a roll call vote, it was **VOTED** (with Banfield, Swain, Reynolds, Guarriello, Hartman, Ortner, Patel, Taylor, Jamison, Tarpey, Zall, Rubinstein, and Fischelis voting yes; and Hickling voting no) to recommend **AF-FIRMATIVE ACTION** on Items C and D of Article 44.

Future Meetings Strategic Plan (part 2)

Mr. Banfield suggested that the FC develop a strategic plan for approaching its work going forward. He noted that the FC will have 30-days' notice once a town meeting date is set. In the interest of time, he suggested that the FC print and mail a minimal report (even a postcard with an online link to the full report), and then publish an online full report. That would provide the FC with additional time as we approach town meeting. He noted that the MSBC is taking a pause between the feasibility study and the schematic design. All agree that going forward with this large building project is not feasible in the current scenario and financial uncertainty. He noted that it is anticipated that the building project will be brought forward at the 2021 ATM. Mr. Banfield suggested that the MSBC be invited to meet with the FC. Ms. Hartman suggested that, given the shortness of time, priority be given to discussing items which are coming up at the 2020 ATM. Mr. Banfield suggested that there are so many uncertainties on so many levels, a meeting with the MSBC could fill the gap. Mr. Crane noted that there is a detailed statement on the middle school building project in the SB upcoming meeting packet. While he agreed that Dr. Hunter and the Co-Chairs be invited to a meeting, he urged the FC to read the comprehensive statement first. Any decision to "un-pause" the project would need to be based on data that we don't yet have. More information will be known in September, and it would be difficult to have a meaningful discussion without that data. Mr. Banfield suggested that the scope of the middle school project would be appropriate for a conversation at this time; with the costs identified to date. He noted that the FC had hoped to have this conversation

with the MSBC prior to now. Mr. Guarriello suggested that the conversation be held sooner rather than later.

Ms. Hartman commented that the FC also needs to work on the growth rate. She inquired whether we can omit the five-year tax projection this year, given the level of uncertainty. She did not favor providing projections that are not accurate. Ms. Zall noted that we don't even know the platform for learning that will take place in the future, so the needs of both students and teachers may change. She agreed that a quick update from the middle school Co-Chairs would be appropriate at this time. Ms. Ortner suggested that Dr. Hunter and the Co-Chairs be invited to a meeting five weeks prior to the ATM, once a date is known. Mr. Taylor commented that we are guessing at a lot of things at this time. He suggested that once the Moderator sets a date, we back off from that date with a schedule. Mr. Banfield agreed, but noted that the Guidelines need to be revised. Ms. Reynolds noted the decrease in revenue, but questioned whether we have to redo the whole process—we should just be able to recalculate the amounts. Mr. Banfield noted that if spending doesn't change but revenue declines, then the tax increase will be too high. He anticipates that we will have to decrease spending. Mr. Patel suggested that this be done in a collaborative manner.

Mr. Crane noted that the FC doesn't prepare the budget. While he values the FC's input, he is responsible for figuring out the data, and residents will have to return to some level of normalcy. He feels that it is premature to return to a normal budget routine—business cannot be as usual. He suggested that the FC “let it go” for a year. He noted that it is not the FC's fault that the world has turned upside down. He noted that the FC has done its job by “checking off its boxes.” He does not anticipate that budget numbers will be known until August at best, and he feels that we would be lucky if the numbers are known five weeks prior to the ATM. The projection of cuts has cast a pall over operations. He noted that the Guidelines reflect a percentage that is demonstrative of a philosophy and approach; the town budget has met the number and acknowledged the concept and principles. He will be mindful of this philosophy going forward in revising the budget. He has learned what is important to the FC and asked that the FC trust him to revise the budget.

Mr. Banfield commented that the budget has been a collaborative process for many years. The FC has strived to exhibit give and take, and to weigh the capacity of the Town to pay. He emphasized the FC's role, which he felt is important to continue. The FC will have to define a new role in the coming weeks, but we fully expect to be here for Concord's citizens and to make recommendations, as is its mandate. He urged the Town Manager to work with the FC as a team and to see how we can work together. Mr. Crane responded that the Town Manager prepares the budget and gives it to the FC, and that will happen again prior to the ATM. Mr. Banfield noted that the revised budget should be developed with feedback from the FC on the Guidelines. He agreed that the timing is premature, but we will have to be prepared to move quickly.

All agreed that we don't want to schedule meetings just for the sake of meetings. There is more to discuss than revenue, which is still uncertain. Mr. Banfield agreed to draft a tentative schedule. Mr. Crane urged that the schedule line up with the release of the Governor's budget. It was agreed that there is more work for the FC to accomplish, including recommendations on the remaining ATM articles. Ms. Reynolds felt that the FC should accomplish as much as possible prior to the summer, since some folks may have travel plans. While some sections of the FC Report may need to be revised, the draft report has been created. Ms. Ortner suggested that the FC Report include a discussion of what budget and operational changes are anticipated as a result of the pandemic.

Mr. Banfield agreed to distribute a draft calendar, including at least one meeting towards the end of June. Ms. Lafleur noted that year-end transfers need to be made prior to July 15. The fiscal year cannot be extended. Mr. Banfield expressed concern about truncating the conversation around Article 9 (FY20 Budget Adjustment for Legal Services). Ms. Lafleur responded that the Town is unable to pay FY20 invoices with FY21 funds.

Citizen Comments

None

Adjournment

On a **MOTION** made by Ms. Ortner and seconded by Mr. Guarriello, it was unanimously **VOTED** by roll call (with Guarriello, Banfield, Hartman, Ortner, Jamison, Tarpey, Zall, Rubinstein, Patel, Taylor, Reynolds, Swain, Hickling and Fischelis all voting yes) to adjourn the meeting at 9:54 pm.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- 2020 Annual Town Meeting Warrant
- Memo from Kerry Lafleur with an update of Q4 Property Tax Collections (dated 5.12.20)
- FY20 vs. Historical Real Estate Tax Collections (dated 5.7.20)
- FY20 Revenue Projection (dated 5.7.20)
- Historical Personal Property Tax Collections (dated 5.7.20)
- FY20 Expenditure Projection (dated 5.7.20)
- FY21 Revised Revenue Projection (dated 5.7.20)

**Town of Concord
Finance Committee
Meeting Minutes
June 4, 2020**

Present: Dean Banfield, Greg Guarriello, Mary Hartman, John Hickling, Dee Ortner, Karle Packard, Parashar Patel, Christine Reynolds, Wade Rubinstein, Phil Swain, Thomas Tarpey, Brian Taylor and Andrea Zall

Absent: Peter Fischelis and Richard Jamison

Others Present: Middle School Building Committee (MSBC) Co-Chairs Tim Hult and Dawn Guarriello; School Superintendent Laurie Hunter; Finance Director Kerry Lafleur; CPC Chair John Cratsley; Recording Secretary Anita Tekle

Meeting Opened

Mr. Banfield called the meeting to order at 7:00 pm via Zoom and broadcast via MMN. He explained the Rules of Engagement, which require all votes to be taken by roll call vote. He explained that when the time comes, he will call for a vote and ask for an audible vote by Finance Committee (FC) members.

Update on Status of Middle School Building Project

Mr. Banfield opened the discussion by noting that the FC had expressed an interest in January in inviting the Co-Chairs of the MSBC to update the FC on the status and scope of the project, to discuss the commitment to energy savings, and to discuss the possible enhanced features under consideration. He welcomed Mr. Hult and Ms. Guarriello. Mr. Hult began by noting that the MSBC had recently voted to take a pause in the process for the middle school, which was a difficult decision. While all are committed to the project, the following reasons were cited for the pause: (1) We are at a point in the process where public participation and input are needed, which is difficult to effectively achieve remotely; the MSBC has taken an aggressive stance on sustainability principles, with a net zero goal--this is a complex process to manage remotely. (2) There is interest in using this building to “fill holes” in the system in the areas of playing fields, the size of the gymnasium, and the addition of performance space. All of these areas need discussion, and the needs are not all driven by core needs of the school system. These dialogs require input with a wide range of people, and are difficult to hold virtually.

Mr. Hult noted that financial uncertainty of the community contributed to the pause. In reaching this decision, he spoke with Mr. Banfield, Select Board (SB) Chair Mike Lawson, and SC Chair, and all agreed with the decision to take a break until we have a better understanding about the financial impact of the pandemic on the community. He also noted that the timing is correct for a pause, since the feasibility study is now mostly complete, and more decisions need to be made before proceeding to the schematic design phase. During the schematic design phase, the design details will be enumerated, along with cost estimates. Decisions have yet to be made about the gymnasium, auditorium and energy design, but those discussions will take place first, once the project resumes. The MSBC is aiming to bring the project to the spring 2021 Annual Town Meeting (ATM).

Mr. Guarriello reported that the visioning process (what is needed to achieve education goals) was done during the feasibility phase, in conjunction with the consultant. The result was a “perfect”

building that needed to be scaled down. During this initial scaling down phase, 15,000 s.f. were eliminated. This was done without sacrificing education. The project is currently without an auditorium. The MSBC is reluctant to move forward with the design unless there is some assurance that the community is willing to pay for certain features. The building's current size is 144,500 s.f., including a 6,000 s.f. gymnasium and a cafetorium. There is no performing arts space. This is considered a "base building," and has an estimated cost of \$104 million. When questioned, Mr. Hult noted that the cost range discussed last spring was \$80-100 million, which was based on the MSBA cost for a 120,000 s.f. building. The "perfect building" came out to be 160,000 s.f., and Dr. Hunter and the staff worked to reduce that size to the current 144,500. They feel that this size can accommodate all of the school's education goals. The cost estimators for the perfect building ranged from \$109-114 million. The \$104 million cost is a result of the first reduction effort, although the MSBC still feels that the number is too high. The hope is that costs can still be reduced to below \$100 million.

In response to a question from Mr. Patel, Mr. Hult noted that the building is being designed for 700 students. The MSBC has gathered comparable building size for a range of new middle schools, and our 144,500 is on the higher side. Mr. Taylor asked whether there is \$14 million in "wobble room" to get the cost down to \$90 million. Mr. Hult felt that the cost could be reduced to \$100 million, but not \$90 million. In response to a question from Mr. Taylor about what was being added to inflate the price, Dr. Hunter indicated that the main cost driver is the goal of designing a building to accommodate a "team" teaching environment, with three teams per grade. This team design requires more space and is not used in the MSBA model. The team model is currently in use for sixth graders in Concord, with great benefit. In response to a question from Ms. Hartman about the cost of the "add-ons," Mr. Hult indicated that "rough estimates" are as follows:

- Sustainability – plus \$1.8-\$2 million – total \$106 million
- Larger gym (increase to 8,000 s.f.) -- plus \$4 million – total \$110 million
- 1-class auditorium (270 capacity) -- \$111 million
- 2-class auditorium (350 capacity) -- \$113 million

In response to a question from Mr. Packard, Ms. Guarriello indicated that MSBA's reimbursable cost per s.f. is \$330 on eligible spaces. She noted that the MSBA never covers the full cost of a project. Mr. Packard noted that Concord's project is twice that amount. Ms. Guarriello noted that the \$104 million basic building is \$550/s.f., and assumes a "design/bid/build" option. Mr. Packard suggested that construction costs are not escalating during the pandemic. Ms. Guarriello felt that it is too soon to know whether the Town will benefit cost wise from the pause. In response to a question from Mr. Banfield, Ms. Guarriello noted that the MSBA allows a maximum overage from their template of 20,000 s.f., and Concord is just under that number currently, without add-ons. The template is generally in the mid-120,000 s.f. range. Mr. Banfield noted that the academic space is much larger than what is allowed by the MSBA. Mr. Hult noted that Concord's arts programs are significantly more extensive than the MSBA design could accommodate. In response to a question from Mr. Patel, Ms. Guarriello explained that the MSBA determines a size range from 850-950 s.f. for "x" students, with some flexibility for classroom space. Cafeteria space is fixed, assuming three sittings. The process is complicated, and some negotiation is possible. Dr. Hunter noted that Concord is over the MSBA guideline now, with the reason being Concord's education goals.

Ms. Hartman noted that the original construction cost (\$80-100 million) was estimated to cost the median household about \$1,000/year in property taxes. She questioned how the cost of the "add-ons" would be explained to the community so that the tradeoffs are understandable. Dr. Hunter responded that the MSBC understands that the number is too high and there is still time to sharpen

the pencil and reduce the price. In response to a question from Mr. Rubinstein, Mr. Hult indicated that as of the end of April, about 50% of the \$1.5 million that was appropriated for the feasibility study and schematic design has been spent. He estimates that 60% will be spent by the end of June. He is confident that the \$1.5 million appropriation is sufficient. Ms. Zall asked whether the impact of the pandemic has been factored into the middle school design process; i.e., will the education models change as a result of the pandemic? Dr. Hunter responded that some pieces of the current model will continue into the future, but more time is needed to assess the situation. The MSBA is not changing its guidelines as a result of the pandemic.

Mr. Banfield thanked those who attended and confirmed that we are all interested in obtaining the best building for the money, with a commitment to spend funds wisely. Dr. Hunter noted that her target date for updating the school budgets is July 15.

Annual Town Meeting Update

Mr. Banfield reported that the Moderator has pushed the ATM out to the end of June, and anticipates further pushing it out until September, in 30-day increments. Both the Town and Schools are preparing 1/12 budgets for July, August and September. Ms. Lafleur clarified that we can't formally file the request for a 1/12 budget until we know for sure that a June ATM is not happening. She noted that at this afternoon's SB meeting, the Moderator announced that she has pushed the ATM out to July 29. The Director of Accounts at the Division of Local Services is the person who approves each community's request for a 1/12 budget, once it is approved by the SB. Mr. Banfield noted that the FC is currently in "pause" mode in terms of ATM preparation, as we await more information about the economy and its effect on the community. He mapped out a possible timeframe for the FC, assuming that a date is set for the ATM with at least 30 days' notice:

Now	FC considers revisions to the FY21 budget guidelines
4 weeks to ATM	FC discusses revised budgets with the Town Manager, School Supt. and School Comm.; likely schedule 2 meetings that week, followed by discussion among the FC members and a vote on recommendation
3 weeks to ATM	Preparation of the FC Report with revised numbers, 5-year tax projections, etc.
2 weeks to ATM	Electronic version of FC Report is made available; possibly send postcard to residents letting them know where they can find the report online; FC Report sent to printer
ATM	Printed version of FC Report available for pickup at Town Meeting

Ms. Reynolds asked whether some of this work could be done sooner so that the FC is not as hurried as we approach town meeting. She suggested that once the revised budget numbers are available, the FC could move ahead. Mr. Banfield noted that there are so many unknowns—7.2% unemployment in Concord and a 17% reduction in the labor force in Concord between March 2020 and April 2020 (noting that these individuals are not drawing a paycheck, but not all have filed for unemployment). Ms. Hartman noted that waiting provides us with better information in terms of revenue estimates. Ms. Lafleur commented that at some point we will have to make decisions based on the information that we have. The last big piece of local receipts that is missing is the meals tax for February, March and April. Mr. Banfield suggested that the FC continue to meet on a regular basis to discuss and review the information that we have, holding off on a final assessment until the 30-day window approaches.

Ms. Reynolds urged the FC to do as much as possible in advance, noting that we know that we'll have a revenue shortfall in both state and local revenue. We don't yet know the changes to spending. The other unknown is the amount that we have in reserves—i.e., FY20 funds that have not been spent due to the shutdown. The latter numbers we should be able to get soon, so that we will know

how much of a cushion we will have. Ms. Lafleur noted that both the Town and Schools anticipate having reserves. If the Town underspends, then any surplus becomes free cash. The Schools have flexibility with their FY20 surplus with provisions for pre-paying some FY21 special education costs. She noted that we will have estimates of the Town's surplus once we close out FY20, although free cash will not be certified until December. Ms. Reynolds noted that the School Dept. anticipates having a surplus in special education, transportation, athletics, and food services.

Ms. Lafleur explained the "deficit spending" process, which provides for the town to spend 1/12 of the prior year's appropriation (with some allowances for certain required expenditures above this amount), if the ATM has not yet occurred. This is considered deficit spending since there is no legal appropriation to use as an offset. Until the ATM happens, the DOR will approve the 1/12 spending plan on a monthly basis. Communities will have to hold their ATMs within 30 days of the Governor lifting the State of Emergency. She noted the 1/12 expenditure plan calculation can include an expenditure estimate for operations in the general fund and enterprise fund, and any other fund expenditure requiring specific town meeting appropriation; amounts sufficient to cover regional school district, pension and other assessments; and debt service payments. It may not include increases in salaries in collective bargaining agreements not yet ratified; capital expenditures; CPA expenditures or other items requiring specific appropriations; or any expenditures not requiring specific town meeting appropriation. The 1/12 amounts are as follows:

July 2020	\$ 9,961,516
August 2020	\$ 8,488,342
September 2020	\$11,749,425

Ms. Lafleur noted that the Retirement Board voted last month to allow the Town to pay on a monthly basis, which will be done. The SB approved the 1/12 operating budget for July, and it will be submitted to the DOR tomorrow. She noted that once approved, the 1/12 budget may not be exceeded. Mr. Banfield noted that the FC plays no formal role in this process. Ms. Reynolds asked whether Ms. Lafleur is comfortable that this process can be managed, to which Ms. Lafleur responded "yes."

Warrant Article Review

Ms. Ortner inquired whether the Town Manager is reviewing the capital budget items in the warrant. Ms. Lafleur responded that the Town Manager intends to look at capital spending when he reviews the revised FY21 budget. She noted that the Town has spent about 50% of the FY20 capital appropriation, so it doesn't make sense to request the full amount for FY21. She does not anticipate that the debt portion of Article 11 (capital projects paid for with borrowed funds) will change. In response to a question from Ms. Hartman, Ms. Lafleur confirmed that it is likely that only the capital outlay portion of the capital projects (capital projects paid for with cash) will change. Mr. Banfield noted that the FC voted at the previous meeting to recommend approval of all portions of Article 44 with the exception of Items F & G. Both of these items overlap with appropriations in Article 11.

In response to a question, Ms. Lafleur noted that in repaying debt, Concord generally pays back 60% of the debt in the first five years, and 40% in the second five years. Debt payments generally run \$600-750,000 annually (i.e., \$770,000 annual debt service prior to taking into account any premiums). Ms. Hartman noted that the FC is being asked to recommend authorization of c. \$600,000 in debt under Article 11, but this is only one part of the larger picture. She would like to look at the debt in the context of how these items fit into the whole budget. She noted that the SC made the difficult decision to pause the middle school project. She feels that the Town should seriously look

at delaying discretionary capital projects as well. She commented that it is unfortunate that these are bundled together so that we are looking at \$4,350,000 in capital projects from borrowed funds rather than individual projects. Mr. Banfield noted that Article 11 includes a “catch bag” of capital projects, noting that we are not considering deferring road improvements, public safety vehicles & equipment, or technology upgrades. Ms. Lafleur noted that it was her recommendation to bundle capital projects into one warrant article, rather than either including them in individual line items or putting them in separate warrant articles. Combining them will hopefully take less time at town meeting. In response to a question from Ms. Ortner, Mr. Banfield indicated that individual items could be deleted from the motion made under Article 11 (or in an amendment), and the FC could recommend such an action if a smaller appropriation is desired. Mr. Banfield noted that his preference is to avoid an individual or group other than the FC proposing an amended motion.

Mr. Guarriello suggested that in the future, discretionary capital items should be included in separate warrant articles. Ms. Reynolds suggested that the FC ask the Town to reconsider these discretionary expenditures, asking if they can be deferred. Ms. Ortner questioned whether all of the requested funds are actually needed in FY21, since the Recreation Director indicated that the FY20 funds have not all been spent. Mr. Banfield suggested that the request to pause or defer these projects be considered due to the current economic situation. Mr. Swain felt that recommending a reduced level of spending is not sufficient; he suggested that the FC itself offer an amendment to reduce the appropriation under Article 11. He also urged that capital projects not all be lumped together in the future. Both he and Mr. Packard indicated that if the FC wants the “General Government” capital projects under Article 11 (with borrowed funds) to be excluded, then the FC should propose the amended motion. Ms. Hartman suggested that the FC ask the Town Manager to prioritize the capital projects, creating a list of items to possibly defer, and those that are more urgent. In discussion, it was agreed that the items that appear to be discretionary are the five Parks & Playground items listed under “borrowed funds,” totaling \$2,095,000. Mr. Hickling felt that it would be preferable to ask the SB or Town Manager to change the motion under Article 11. Mr. Taylor suggested that the FC emphasize that this request is being made due to the uncertainty of all that is going on economically.

On a **MOTION** made by Ms. Hartman and seconded by Ms. Ortner, it was unanimously **VOTED** by roll call vote (with Reynolds, Banfield, Hartman, Packard, Zall, Ortner, Guarriello, Tarpey, Patel, Swain, Taylor, Rubinstein, and Hickling all voting yes) to authorize Mr. Banfield to write a letter to the Town Manager asking him to strongly consider deferring to a future town meeting the five “General Government—Borrowed Funds” items under Article 11, all Parks & Playgrounds projects, totaling \$2,095,000, due to the extenuating circumstances of the pandemic on the economy.

John Cratsley, Chair of the CPC, noted that the funding for some of the projects in the vote just taken are connected to funding requests under Article 44 (Items F & G). Ms. Hartman felt that it is not the role of the FC to tell the CPC how to allocate available funds. Mr. Banfield was concerned that if the CPC funds are not appropriated, then some funds would have to be reallocated to maintain the minimum 10% in each category. It was agreed to defer a recommendation on Article 44, Items F & G at this time, until more is known.

Article 7—COLA Adjustment for Retirees

Mr. Banfield reported that he reviewed the data from other retirement systems, and Concord has remained at the \$12,000 base, and most other retirement systems have increased the base, with the overwhelming majority providing the maximum increase of 3% (on a higher base). He strongly suggested a positive recommendation on Article 7. He also noted that Concord’s pension reserves are high when compared to others. Ms. Lafleur noted that there is no impact on the FY21 assessment if

Article 7 passes—it will go into effect in FY22. So the \$309,000 estimated cost for this article will not be needed in FY21. She also noted that a recent review by the Retirement Board’s actuary noted that we are in very good shape due to how we manage our investments. We were able to shave one year off of fully funding our retirement liability (2029 rather than 2030). She felt that this is a good time to make this change, which will not impact the 2029 fully-funded date.

On a **MOTION** made by Ms. Hartman and seconded by Ms. Ortner, and on a roll call vote, it was unanimously **VOTED** (with Reynolds, Banfield, Hartman, Packard, Zall, Ortner, Guarriello, Tarpey, Patel, Swain, Taylor, Rubinstein, and Hickling all voting yes) to recommend Affirmative Action on Article 7.

Form Nominating Committee

The following members volunteered to serve on the Nominating Committee to recommend a slate of officers for the coming year: Karle Packard, Tom Tarpey and Dean Banfield.

Correspondence

One letter was received “in confidence.” Mr. Banfield responded to the individual that the letter could not be kept confidential, and he returned the letter to her.

Public Comments

None

Next Meeting: June 25, 7:00 pm

On a **MOTION** made by Mr. Patel and seconded by Ms. Ortner, and on a roll call vote (with Reynolds, Banfield, Hartman, Packard, Zall, Ortner, Guarriello, Tarpey, Patel, Swain, Taylor, Rubinstein, and Hickling all voting yes), the meeting adjourned at 9:30 pm.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- 2020 Annual Town Meeting Warrant
- Memo from Kerry Lafleur to Stephen Crane RE: FY21 1/12th Budget (dated June 2, 2020)
- Financial Information for Massachusetts, with Unemployment by Town (as of April 30, 2020)
- Spreadsheet entitled “Funding for Select Town Projects Appropriated & Proposed” (White Pond, Gerow, Warner Pond, Rideout, Emerson Field—FY19-FY22)

**Town of Concord
Finance Committee
Meeting Minutes
June 25, 2020**

Present: Dean Banfield, Mary Hartman, John Hickling, Richard Jamison, Dee Ortner, Karle Packard, Parashar Patel, Christine Reynolds, Phil Swain and Andrea Zall

Absent: Peter Fischelis, Greg Guarriello, Wade Rubinstein, Thomas Tarpey and Brian Taylor

Others Present: Select Board Chair Mike Lawson; Town Counsel Mina Makarios; Finance Director Kerry Lafleur; Regional Housing Services Office Manager Liz Rust; and Recording Secretary Anita Tekle

Meeting Opened

Mr. Banfield called the meeting to order at 7:00 pm via Zoom and broadcast via MMN. He explained the Rules of Engagement, which require all votes to be taken by roll call vote. He explained that when the time comes, he will call for a vote and ask for an audible vote by Finance Committee (FC) members.

Approval of Minutes

On a **MOTION** made by Mr. Hickling and seconded by Ms. Hartman, and on a roll call vote (with Hartman, Banfield, Reynolds, Hickling, Ortner, Swain, Jamison, Zall, Patel, and Packard all voting yes), it was **VOTED** to approve the minutes of the May 4, 2020 regular meeting, as drafted, and the May 4, 2020 public hearing, as amended.

FY20 Year-End Budget Adjustments

Ms. Lafleur presented a request for approval of FY20 year-end transfers, as outlined in MGL Ch. 44, §33B. She explained that the Town's budget was adopted at the Annual Town Meeting (ATM) in 39 separate line items. Funds cannot be transferred between these line items except under established procedures. She itemized four transfers. She reviewed her Jan. 23, 2020 memo outlining the three options to cover the FY20 legal overrun, as follows:

1. Reserve Fund Transfer – presented to the FC on 1.23.2020, and the request was denied
2. Seek a budget adjustment from Town Meeting – the ATM has been postponed to at least the end of July, which is too late to utilize this option
3. Seek a Year-End Adjustment before July 15, as provided under MGL, Ch. 44, §33B

Ms. Lafleur explained that at this point, if option 3 is not exercised, then the Town would close the year with a deficit, which is not legally allowed. If this were to occur, then (1) the Dept. of Revenue would “hit” the Town's free cash and require the Town to raise the deficit amount within the FY21 levy limit; and/or (2) the auditors would issue a management letter finding, making either a recommendation or citing a material weakness; and/or (3) a note about this error would be made in the Town's next bond rating opinion. She noted that she confirmed with the Town's auditor that all three items above would occur if the Town closed FY20 with a deficit, which would be unfortunate.

The requested transfers are as follows:

Number	To/From	Line Item	Line Description	Amount
1	to	2	Legal Services	\$291,000

2	to	3	Elections & Registrars	\$ 22,000
3	to	4	Town Meeting & Reports	\$ 20,000
4	from	26	Library	\$333,000

In response to a question, Ms. Lafleur indicated that the Library has not had any furloughs, but there are a number of vacancies that have not been filled, and there are savings in utilities due to the building closure. Mr. Swain commented that it is extraordinary for legal services for litigation to exceed the budget by such a large amount, noting that the Estabrook Road case is not considered a huge litigation case. He finds it extraordinary that the attorneys would bill an amount so much higher than budgeted. He felt that the matter should have been discussed with the Town Manager (TM) and Select Board (SB), with fair warning that Town Counsel may not be paid in full for services rendered. He suggested that the law firm be asked to withdraw the invoice until after town meeting has had a chance to consider it. Mr. Packard commented that the situation is similar for architectural firms—you have a budget and you live within it; you know you are out on a limb if you go over budget without approval of the client. Ms. Reynolds noted that Town Counsel knew several months ago that they were over budget by \$225,000; that number is now \$291,000.

In response to a question from Ms. Ortner, Ms. Lafleur noted that she has bills in hand for \$240,000, with an estimate for bills through the end of the fiscal year. In response to a question from Ms. Ortner, Ms. Lafleur indicated that the TM or SB could ask the law firm to withdraw the bills; however the services were rendered in FY20 and would have to be accrued before the books are closed, leading to a Town deficit for FY20, which is not allowed. Ms. Lafleur further explained that a “legal deficit” is one that is allowed under specific MGL guidelines, such as snow & ice removal, when it is okay to overspend with the understanding that the deficit funds are raised the following year within the levy limit. This option is not available for most expenditures, including legal services. In response to a question from Mr. Patel, Ms. Lafleur noted that if the transfer is not approved by the FC prior to July 15, then the overage amount would be deducted from free cash and the DOR will require the Town to raise this amount within the levy limit in FY21, as noted above. At the close of FY21, then the deficit is wiped out. Mr. Patel noted that the FC is not privy to whether the TM and SB gave prior approval to Town Counsel about going over budget.

Mr. Lawson explained that he shares the concerns and frustration of the FC. He noted that managing the cost of litigation has been challenging, although efforts have been made to keep the costs under control. He noted that Town Counsel has met repeatedly with the SB about new issues that require a legal response, and available options. Efforts continue to be made to resolve the litigation. Mr. Makarios expressed his shared frustration. He noted that the firm, Andersen & Kreiger, has been working with the Town for decades and has rarely if ever exceeded the given budget until the past couple of years. He was aware of the FC’s vote in January, and he has limited any work to that which was required by the court case. Initially, he understood that Town Meeting was scheduled for late April and he agreed that the firm would not be paid until late April. He explained that since the pandemic began in March, there has been little activity in court or in discovery; all recent efforts have been in response to the road closure initiated by the defendants. He also noted that not all the legal costs have been due to Estabrook; there were some COVID items. Some legal items have been deferred to FY21. He emphasized that the TM and SB have been kept in the loop at every step of the way. Mr. Swain commented that it is the lawyer’s responsibility to manage the budget, and the law firm could agree that payment be deferred or not made, subject to town meeting approval; if they want to incur \$291,000 extra expenses, then they should be willing to accept the risk.

A **MOTION** was made by Mr. Swain and seconded by Mr. Packard to ask the Town's law firm to withdraw all invoices above the budgeted amount until following the ATM.

In response to questions, Ms. Lafleur confirmed that she has discussed the issue with the Town's auditors, and not paying these bills in FY20 would be identified as a material weakness. She noted that there are precedents in other communities that experienced instances of material weakness who then saw a reduction in their credit rating. She also noted that this situation would not impact the Town's ability to utilize free cash for other purposes. Ms. Reynolds commented that the responsibility for managing the legal services budget falls within the purview of those who are authorized to manage the Town's legal cases; if these individuals agree that the invoices should be paid, then it is really up to them and not the FC. Several members concurred. Mr. Hickling was concerned that the FC is being drawn into the matter; if the SB and TM have approved the invoices, then he feels it is beyond the FC's control. Ms. Hartman expressed frustration that the spending is so high, noting that the FC had denied the Reserve Fund Transfer request in January since this was not an unforeseen or extraordinary expense. She felt that the SB entered into these additional expenses knowing the FC's opinion, so they should not have been blindsided.

It was noted that there will be no motion made at Town Meeting under Article 9 (to authorize a FY20 Reserve Fund Transfer), since that option is no longer possible after June 30. In response to a question, Mr. Makarious noted that if a resident makes a motion under Article 9, the Moderator would most likely rule it out of order, although this would be up to the discretion of the Moderator. Ms. Ortner suggested that in the future there be better communication between the SB and the FC Chair so that we don't spin our wheels on issues that are out of our control. Mr. Swain noted that he, as a lawyer, feels that an invoice that exceeds the Town's line item budget by more than double, should be withdrawn by the law firm. The matter could then be brought to town meeting for approval. He felt that the service was provided under risk. Ms. Lafleur noted that the appropriation for FY20 expires on June 30, so there is no legal authority for the September 2020 ATM to do anything to resolve a FY20 invoice.

A **VOTE** was then taken on Mr. Swain's **MOTION**, which **FAILED TO PASS** on a roll call vote (with Hartman, Banfield, Reynolds, Ortner, Jamison, Zall, Patel, Packard and Hickling voting no; and Swain voting yes).

Mr. Hickling noted that he sympathizes with the frustration of the SB and Town Counsel, which is mutual. The FC has spent the better part of two years discussing the legal costs of this litigation.

On a **MOTION** made by Ms. Hartman and seconded by Ms. Zall, it was **VOTED** on a roll call vote (with Hartman, Banfield, Reynolds, Ortner, Jamison, Zall, Patel, Packard and Hickling voting yes; and Swain voting no) to approve the following budget transfers:

Number	To/From	Line Item	Line Description	Amount
1	to	2	Legal Services	\$291,000
2	to	3	Elections & Registrars	\$ 22,000
3	to	4	Town Meeting & Reports	\$ 20,000
4	from	26	Library	\$333,000

Mr. Lawson thanked the FC for approving the transfer. He noted that the SB is mindful of these expenses, which have not come as a surprise or shock. He appreciated the concern and time spent by the FC on the legal services budget issues. He indicated that the SB will continue to work hard to

control legal costs. Mr. Makarios agreed to move forward with the SB in an effort to resolve the Estabrook Road issues.

FY20 Revolving Fund Budget Adjustment—Regional Housing Services Office (RHSO)

Liz Rust was present to discuss her request of June 9 to increase the FY20 RHSO Revolving Fund expenditure limit by \$20,000. She explained that current expenses are projected to be about \$283,303 by June 30, which is above the limit of \$265,000 set at the 2019 ATM. She noted that the RHSO has increased its expenses (and corresponding income) by about \$36,605 over FY19. Lincoln joined the collaboration, and Acton, Concord and Sudbury purchased supplemental hours. Those fees have been received. The FY20 expenditure limit may be increased with approval of the SB and FC. No additional money is due from Concord.

On a **MOTION** made by Mr. Patel and seconded by Ms. Reynolds, and on a roll call vote (with Hartman, Banfield, Reynolds, Jamison, Zall, Patel, Packard, Hickling and Ortner voting yes; and Swain abstaining) it was **VOTED** to increase the FY20 RHSO Revolving Fund expenditure limit by \$20,000.

Town Meeting Update

Mr. Banfield reported that the ATM is tentatively set for September 12 beginning at 9:00 am at the Doug White field at the high school. Between now and then the Moderator will reduce the scope of the meeting, and is working in conjunction with the SB, TM and School Committee (SC) and petitioners to identify which articles can be put on the consent calendar, which can be deferred to a special town meeting (STM) on a date TBD, and which are essential to be addressed on September 12. Mr. Banfield reported that he and Ms. Hartman will meet with the Chair and Clerk of the SB and the Moderator to review a tentative list. This will be followed by a joint meeting of the SB and FC with the Moderator.

Mr. Banfield commented that in order to meet the revised ATM schedule, the FC will need to prepare new budget guidelines. If any financial articles are changed, then a public hearing will be scheduled. He noted that Article 30 (Healthy School Buses for Students) was mistakenly omitted from previous FC public hearings, so this will need to be included on the agenda for the public hearing. A FC Report will need to be prepared and mailed to all households at least 14 days prior to the ATM, so the earlier the report can be completed the better. Mr. Lawson reported that the SB is meeting Monday and will discuss the SB-sponsored ATM articles to determine which ones can be included on the consent calendar, which are essential for the September ATM, and which can be deferred. The Planning Board has provided the SB with a list of essential articles. A zoning amendment that is withdrawn or not moved is considered to be a negative town meeting vote, with a prohibition from being brought back to town meeting for two years. The Moderator is exploring a retraction provision for these articles. Mr. Lawson reported that he received a mixed reaction from petitioners about deferring their articles to a STM. He anticipates that the SB will vote on Monday to sponsor any petition articles that are deferred, to save the petitioners from gathering signatures and resubmitting their articles.

Finance Director Report

In response to a question from Ms. Reynolds, it was noted that we have no firm dates for when the TM and School Department will submit their revised FY21 budgets. Ms. Lafleur reported that she is scheduled to meet with the TM tomorrow and will let the FC know shortly thereafter when the revised Town budget will be available. She anticipates that the FY20 meals tax receipts will be down significantly. She reported that there is a significant balance in FY20 cash capital funds due to the

Town's limited ability to carry out those projects. Those funds can be carried forward, with the potential for reducing the FY21 cash capital budget request made under Article 11. She presented the FC with a detailed estimate of FY21 revenue and expenditures, which will be revised again once the revised FY21 Town budget is prepared. She assumes a \$3 million reduction in revenue (-20% in Ch. 70 funds--\$1.3 million; -15% in local receipts--\$1.2 million; and \$500,000 buffer). The Governor has extended to September the deadline for meals tax, rooms occupancy tax and sales tax due March-August. Estimated expenditure savings are: debt service (-\$138,258); health insurance (-\$200,000); Retirement COLA base (Art. 7) won't impact FY21 (-\$309,000); recapture of unspent FY20 appropriations (estimated -\$500,000 to \$1 million); and reduction in FY21 cash capital request to account for diminished capacity to complete FY20 cash capital projects & purchases.

Nomination of Officers

The Nominating Committee (Mr. Packard, Mr. Tarpey and Mr. Banfield) met twice. At the first meeting, the potential slate was discussed, followed by Mr. Banfield calling each of the nominees to determine their interest and willingness to serve. All agreed to serve. The Nominating Committee then met and unanimously voted to recommend the following slate of officers for FY21:

- Finance Committee Chair – Mary Hartman
- Finance Committee Vice Chair & Guidelines Subcommittee Chair – Chris Reynolds
- Finance Committee Clerk – John Hickling
- Guidelines Subcommittee Clerk – Parashar Patel

On a **MOTION** made by Ms. Ortner and seconded by Ms. Zall, and on a roll call vote (with Hartman, Banfield, Reynolds, Ortner, Jamison, Zall, Packard, Swain, Hickling and Patel all voting yes), it was unanimously **VOTED** to approve the slate of officers proposed by the Nominating Committee, as noted above.

Mr. Banfield remarked that he is not sure when the change in officers will be made—there may be parallel activity over the next few months. He thanked all for their willingness to serve. Mr. Banfield noted that the Moderator is looking to identify some new FC members. Suggestions are welcome, preferably with financial, legal or business acuity.

Observer Reports

2229 Main St. Committee—Ms. Zall reported that Starmet has planned a presentation and update on the cleanup to the Council on Aging; she plans to attend.

Follow-up: Mr. Banfield agreed to contact Gary Kleiman to determine what input, if any, committees have to the NMI Starmet reuse survey.

School Committee—Mr. Banfield reported that the SC has been meeting weekly, working through Phase 4 (how to safely open schools in the fall). The Superintendent is considering that the SC revisit the teachers' early retirement program. She surveyed other communities and the teachers unions and received a tepid response from one union. The idea has been tabled for now. Preliminary calculations indicated that CPS could have saved \$200-\$500,000 per year for five years. The CCRSD savings were not as robust. He noted that unlike many communities, Concord is not required to provide layoff notices to teachers in the spring when there is financial uncertainty; this is due to Concord's collective bargaining agreements, which provide for more flexibility. Ms. Hartman noted that a task force for reopening the schools has been assembled, and they are working through the possible scenarios for reopening (transportation, food services, simultaneous online learning, etc.). Mr. Banfield reported that the \$900,000 in the FY21 capital budget for schools (Article 26—under the TM's 5-year capital budget) is not really needed this year, so the appropriation of these funds could

be deferred for one year. The vote on this by the SC has not yet occurred. Ms. Reynolds reported that Carlisle held its ATM. They deferred a vote on the regional school budget until a revised budget is available. The Regional SC has asked Dr. Hunter to prepare three budgets—(1) assume 100% of classes will be held remotely; (2) assume there will be a blend of in-person and remote learning; (3) assume that all students will return to in-person learning. Ms. Hartman commented that Dr. Hunter and Jared Stanton are “ahead of the game” in their preparations for the fall during the pandemic.

Capital Planning Task Force—Ms. Ortner reported that the task force has received an extension in its tenure from the SB. The final report is now due by June 2021. Todd Benjamin has stepped down from the task force, and there is an opening for a citizen representative to the committee. The committee’s charge has not changed.

Middle School Building Committee—The committee has paused, but they are still waiting for the designers to come back with a draft feasibility study. It was noted that it will be difficult to operate in zoom mode for a public hearing.

Minuteman Vocational School Committee—Ms. Reynolds reported that the SC plans to spend \$6 million on constructing new athletic fields—\$4.1 million from the balance remaining in the construction fund; \$600,000 from the rental income balance; and \$1.3 million from the capital stabilization fund reserve. They do not anticipate requesting additional capital funds for the fields from member communities. The \$6 million expenditure will not include a football field, bleachers, or lights. The SC believes that the more the fields can be used, the more rental income will be generated. Ms. Reynolds noted that most member towns have held their town meetings, so Minuteman has a sufficient number of positive votes for its FY21 operating budget. She noted that the Minuteman Regional budget approval process is different than the Town process, which is why a 1/12 budget will not be necessary for Minuteman. Ms. Hartman noted that when Minuteman recently met with the FC, they did not yet have a firm budget number. She does not want this warrant article to be on the consent calendar for this reason.

Follow-up: Ms. Lafleur will contact Minuteman to confirm that its budget is considered approved with a majority of towns having voted prior to June 30.

Warrant Articles—Resume Discussion of Recommendations

Mr. Banfield noted that at the FC’s last meeting, he was asked to write a letter to the SB and TM asking that the Parks & Playground capital projects (from borrowing) be deferred. He did that, with a copy sent to John Cratsley, Chair of the CPC. He subsequently had phone conversations with the TM Stephen Crane; Director of Natural Resources Delia Kaye; and Mr. Cratsley. Mr. Crane understands from where the FC is coming, but he feels that the Town approved the first round of funding for these projects, and questioned why additional funding would stop now. Ms. Kaye was concerned that Warner’s Pond dredging would be delayed. She noted that although this project is listed under Parks & Playgrounds, the dredging is being conducted and coordinated by the Natural Resources Department. She explained that the purpose of the project is to clear certain sections of the pond for silt control, so it is unfortunate that it is being lumped together with Parks & Playgrounds. Mr. Banfield asked Mr. Cratsley if any of the CPC projects could be deferred. Mr. Cratsley responded “no,” noting that the funding is in hand and available. Mr. Banfield noted that the Gerow and Warner’s Pond dredging projects are proposed to be funded from both Articles 11 (Town Capital Projects) and 44 (CPC), and the funding is tangled.

Ms. Ortner asked whether the TM had responded to the FC’s letter, and Mr. Banfield indicated that he had a phone conversation with Mr. Crane, but no written response. Mr. Crane emphasized that the Town had approved these projects in the past, and questioned why the FC wishes to “stop the train” now. He also indicated that the Emerson Playground Improvements proposed under Article

11 include replacement of the rubber surface under the play structure. Wood chips are not allowed, so deferring this funding would be problematic. Ms. Hartman suggested that an attempt be made to “decouple” the CPC funding from the Capital Budget funding. She felt that discretionary projects receiving town funding could be delayed during the current economic uncertainty. Ms. Ortnier suggested that it’s possible that the bathrooms and trail work could be accomplished with just the CPC funds. After further discussion, it was agreed that the CPC projects could proceed, if they have received the recommendation of the CPC. Ms. Reynolds noted that the Town still has a revenue shortfall, and it would be helpful to determine what discretionary spending could be deferred if we need the funding elsewhere.

On a **MOTION** made by Ms. Hartman and seconded by Ms. Ortnier, and on a roll call vote (with Hartman, Banfield, Reynolds, Ortnier, Jamison, Zall, Packard, Patel, Hickling and Swain all voting yes), it was **VOTED** to recommend **AFFIRMATIVE ACTION** on Article 44, Items F & G.

Ms. Reynolds suggested that a recommendation on Article 11 be deferred until the FC has seen the revised Town budget. She does not feel comfortable approving discretionary spending until more is known. Mr. Banfield noted that if borrowing under Article 11 is approved, it will not hit the tax rate until FY22 at the earliest, when the situation may be worse. There are lots of unknowns. Ms. Hartman suggested that the conversation continue with the TM. She would like to see a better delineation and explanation of how the money would be spent, with a prioritization of the discretionary items in Article 11. It was suggested that Mr. Banfield and Ms. Hartman speak with the TM to discuss the issue, requesting a prioritization of the five Parks & Playgrounds projects in Article 11. Following a question from Mr. Patel, it was noted that the FC does not know how the projects are linked between Articles 11 and 44; if the FC recommends that the \$600,000 for Gerow and \$500,000 for Warner’s Pond dredging under Article 11 be deferred, what does that do to the \$500,000 for Gerow and \$500,000 for Warner’s Pond dredging proposed under Article 44? It was agreed that a position on Article 11 will be tabled, pending further conversation with the TM.

Article 14—Affordable Housing Development

Ms. Hartman noted that there is no other funding source for affordable housing at this time for affordable housing, since Concord’s home rule legislation for affordable housing revenue is pending in the state legislature. Mr. Banfield noted that adding this as a line item in the budget would create a very large budget increase. Ms. Reynolds commented that the concept is good, but she feels that this is in the “nice to have” category and she is reluctant to commit to funding from free cash until more is known about the Town and School budgets. Mr. Lawson noted that the transfer tax legislation was voted out favorably from the revenue committee, so there is some hope that it will pass. Ms. Lafleur reviewed the tentative FY21 uses of free cash: (1) \$1 million to reduce the property tax levy; (2) \$500,000 for Article 14 Affordable Housing; and (3) \$2 million for middle school debt stabilization. Mr. Lawson indicated that the SB is leaning towards postponing a vote on the debt stabilization. Mr. Banfield noted that it doesn’t look like we will be replenishing free cash in the same manner as in the recent past. Ms. Hartman distinguished between non-essential items and those items which the FC won’t support at the ATM. She noted that there are two opportunities for support—the ATM in September or at a STM at a date to be set. Ms. Reynolds suggested that the FC could agree to Article 14 in theory, but hold off on allocating free cash until we have a better idea of the free cash balance. Putting Article 14 into the “non-essential” category kicks the issue down the road. The consensus was to hold off on making a recommendation on Article 14.

Correspondence

Mr. Banfield noted receipt of correspondence from Dorrie Kehoe, of the LWVCC, which was sent to the SB, with a cc to the FC. He also noted receipt of a June 23 letter from Brooks Read & Susannah Kay concerning the Estabrook Road legal matter. Ms. Zall commented that it is not the role of the FC to be involved in the Town's litigation. Mr. Packard noted that the FC has become involved in this matter, although not by choice. Ms. Reynolds appreciated receipt of the communication, but suggested that it would be better directed to the SB. Mr. Banfield concurred that the FC has had sufficient public discussion of this matter through the budget process, but the level of detail of the correspondence is beyond the scope of responsibility for the FC.

On a **MOTION** made by Ms. Hartman and seconded by Ms. Ortner, and on a roll call vote (with Hartman, Banfield, Reynolds, Ortner, Jamison, Zall, Packard, Patel, Swain, and Hickling all voting yes), the meeting adjourned at 9:36 pm.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- 2020 Annual Town Meeting Warrant
- Memo from Kerry Lafleur to Stephen Crane re: FY20 Revolving Fund Budget Adjustment (dated June 22, 2020)
- Memo from Liz Rust to Kerry Lafleur re: Increase FY20 Revolving Fund total expenditure (dated June 9, 2020)
- Memo from Kerry Lafleur to SB, FC and Town Manager re: Request to approve year-end transfers (dated June 22, 2020)
- Memo from Kerry Lafleur to Stephen Crane re: Options to cover FY20 legal overrun (dated January 23, 2020)
- FY21 Budget Updates from Kerry Lafleur, including update of property tax collections (dated 6.25.2020)
- Correspondence from Brooks Read & Susannah Kay (dated June 23, 2020)

To: Heather Bout, Chair, Concord School Committee
Court Booth, Vice Chair, Concord School Committee
From: Christine Reynolds, Chair, Guidelines Subcommittee, Concord Finance Committee
Cc: Dr. Laurie Hunter, Superintendent, Concord Public Schools
Jared Stanton, Director of Finance and Operations, Concord Public Schools

Date: July 31, 2020

Re: Annual Budget Data Request – FY22 Guidelines

Looking ahead to the Fall and our deliberations regarding the FY22 Concord Public Schools (CPS) budget guidelines, we present our annual information request. The Guidelines Subcommittee will use the information presented and conversations with you to develop budget guidelines striking a prudent balance between the community's expectations for municipal services and fiscal restraint.

As introduced last year, the Finance Committee has again developed a Sustainable Growth Rate (SGR) intended to temper the rate of growth in the tax burden on the average taxpayer in light of overall economic conditions. This year the SGR is XX%¹ reflecting very low inflation, the impact of Covid-19 on state and local receipts, high local unemployment and recessionary conditions across New England. Please keep this in mind as you develop your budget requests.

Please consider the following requests for information:

FY19, FY20 and FY21 Expenditures Relative to Budget - Please identify any significant budget variances in the previous two fiscal years. Also, please include the status of reserves and prepaid expenses (contingency funds, E&D, tuitions, etc.). Discuss any expected reimbursements for Covid-19 expenses.

Service Level Changes- Please discuss how current CPS programs and services are expected to change in the next 1-5 years including directives from the School Committee, the State of Massachusetts and/or Town Meeting.

FY22 Budget Drivers- Please identify material budget drivers – sources and uses of funds – impacting the FY22 proposed budget, including the impact of Covid-19, State funding, SPED spending and cost control initiatives. Also please provide the percentage of the FY22 budget which is non-discretionary (encumbered) versus discretionary.

¹ SGR calculated as the arithmetic average of the May 2020 (latest available) Bureau of labor Statistics Consumer Price Index for our region and the yield of the Ten Year treasury Bill as of July 1, 2020.

Labor Costs – Please provide headcount and FTE data for FY22 versus FY21. In addition, please provide a summary of recent labor cost trends and the impact on FY22 spending. Also please discuss the ratio of benefits to payroll (burden rate) reflected in FY22 proposed budget.

Collective Bargaining – Please update the FinCom on recent collective bargaining agreements and upcoming contract negotiations, including the impact on labor costs.

CMS Update – Please provide an update on the progress of the CMS project, including community input on the proposed design, a timetable for the completion of this work and the timing of next steps. Provide the financial terms of any contracts undertaken as part of this effort.

Capital Assets – Discuss your 5-year capital plan including your plan to fund adequate maintenance of your existing assets. Please identify the sources of funding for capital items, i.e., Town Manager’s warrant article or separate warrant articles. Also, please identify any longer-term capital needs you foresee.

Benchmarking – Please present an analysis using benchmark data from ClearGov.com comparing CPS spending relative to peer communities.

Enrollment Projections – Provide enrollment projections for FY22 and beyond.

We have scheduled Thursday, October XX, 2020 for our initial meeting and Thursday, November XX for a more detailed follow-up meeting. We request that materials be provided on October XX and November XX respectively and being notified via email once these materials are available online.

Thank you in advance for providing this information. We greatly appreciate your collaboration with the Finance Committee and respect your efforts to maintain excellence in Concord’s educational programs. We look forward to an interesting and constructive conversation.

To: Wallace Johnson, Chair, Concord-Carlisle Regional School Committee;
Sara Wilson, Vice Chair Concord-Carlisle Regional School District Committee
From: Christine Reynolds, Chair, Guidelines Subcommittee, Concord Finance
Committee
Cc: Dr. Laurie Hunter, Superintendent, Concord-Carlisle Regional School District
Jared Stanton, Director of Finance and Operations, Concord-Carlisle Regional
School District

Date: July 31, 2020

Re: Annual Budget Data Request – FY22 Guidelines

Looking ahead to the Fall and our deliberations regarding the FY22 budget guidelines for the Concord-Carlisle Regional School District (CCRS), we present our annual information request. The Guidelines Subcommittee will use the information presented and conversations with you to develop budget guidelines that strike a prudent balance between the community's expectations for educational excellence and fiscal restraint.

As introduced last year, the Finance Committee has again developed a sustainable Growth Rate (SGR) intended to temper the rate of growth in the tax burden on the average taxpayer in light of overall economic conditions. This year the SGR is XX%¹ reflecting very low inflation, the impact of Covid-19 on State and local receipts, high local unemployment and recessionary conditions across New England. Please keep this in mind as you develop your budget requests.

Please consider the following requests for information:

FY19, FY20 and FY21 Expenditures Relative to Budget - Please identify any significant budget variances in the previous two fiscal years. Also, please include the status of reserves and prepaid expenses (contingency funds, E&D, etc.) Discuss any reimbursements expected for Covid-19 expenses.

Service Level Changes – Please discuss changes to current CCRSD programs and services expected to occur in the next 1-5 years including directives from the School Committee, the State of Massachusetts and/or Town Meeting.

FY22 Budget Drivers – Please identify material budget drivers – sources and uses of funds- impacting the FY22 proposed budget, including the impact of Covid-19, State Funding, SPED spending, and cost control initiatives. Also please include the

¹ SGR calculated as the arithmetic average of the May 2020 (latest available) Bureau of Labor Statistics Consumer Price Index for our region and the yield of the Ten Year Treasury Bill as of July 1, 2020

percentage of the FY22 budget which is non-discretionary (encumbered) versus discretionary.

Labor Costs – Please provide headcount and FTE data for FY22 and FY21. In addition, please provide a summary of recent labor cost trends and the impact on FY22 spending. Also please discuss the ratio of benefits to payroll (burden rate) reflected in the proposed FY22 budget.

Collective Bargaining – Please update the FinCom on recent collective bargaining agreements and upcoming contract negotiations, including the impact on labor costs.

OPEB – Please provide the anticipated FY22 OPEB contribution, the annual required contribution (ARC) for FY22 and the assumed discount rate.

Health Insurance – Please discuss anticipated health insurance costs for both active and retired employees as well as any cost control efforts.

Capital Assets – Discuss your 5-year capital plan including your plan to fund adequate maintenance of your existing assets. Also, please identify any longer-term capital needs you foresee.

Benchmarking – Please present an analysis using benchmark data from ClearGov.com comparing CCRSD spending relative to peer communities.

Enrollment Projections – Please provide enrollment projections for FY22 and beyond, including Concord’s proportion of students at CCRSD.

We have scheduled Thursday, October XX, 2020 for our initial meeting and Thursday, November XX, 2020 for a more detailed follow-up meeting. We request that materials be provided on October XX, 2020 and November XX, 2020 respectively and to be notified via email once these materials are available online.

Thank you in advance for providing this information. We greatly appreciate your collaboration with the Finance Committee and respect your efforts to maintain excellence in Concord’s educational programs. We look forward to an interesting and constructive conversation.

To: Stephen Crane, Town Manager
From: Christine Reynolds, Chair, Guidelines Subcommittee, Concord Finance Committee
Cc: Michael Lawson, Chair, Concord Select Board
Linda Escobedo, Clerk, Concord Select Board
Kerry Lafleur, Concord Finance Director

Date: July 31, 2020

Re: Annual Budget Data Request – FY22 Guidelines

Looking ahead to the Fall and our deliberations regarding the FY22 Town budget guidelines, we present our annual information request. The Guidelines Subcommittee will use the information presented and conversations with you to develop budget guidelines striking a prudent balance between the community's expectations for municipal services and fiscal restraint.

As introduced last year, the Finance Committee has again developed a Sustainable Growth Rate (SGR) intended to temper the rate of growth in the tax burden on the average taxpayer in light of overall economic conditions. This year the SGR is XX%¹ reflecting very low inflation, the impact of Covid-19 on state and local receipts, high local unemployment and recessionary conditions across New England. Please keep this in mind as you develop your budget requests.

Please consider the following requests for information:

FY19, FY20 and FY21 Budget Performance – Please identify any significant variances relative to budget for the previous two fiscal years and any other items which have a material impact on FY22 funding requests. Also, please provide a summary of labor cost trends for FY22.

Service Status and Anticipated Changes – Please discuss how current programs and services are expected to change in the next 1-5 years including directives from recent Town Meetings and initiatives from the Select Board.

FY22 Revenue Projections – Please provide updated revenue projections for FY22 including state and federal aid as well as local receipts

FY22 Budget Drivers - Please identify material budget drivers -sources and uses – impacting the FY 22 proposed budget, including the impact of Covid - 19.

¹ SGR calculated as the arithmetic average of the May 2020 (latest available) Bureau of labor Statistics Consumer Price Index for our region and the yield of the Ten Year treasury Bill as of July 1, 2020.

Litigation Expenses – Please provide the status of ongoing litigation involving the Town. Also provide current projected legal expenses and related assumptions for FY21 and 22.

Headcount – Please identify expected changes in headcount and FTE’s across departments, and the fully loaded (burdened) dollar impact of these changes.

Collective Bargaining – Please provide a schedule of labor agreements up for renegotiation from FY22 through FY26 and the expected impact on labor costs.

Capital Spending – Discuss your 5-year capital plan together with your plan to fund adequate maintenance of existing assets. Please identify any other, longer-term capital needs. For all projects expected to exceed \$1 million, please provide project details and status including funding sources.

OPEB – Please provide the anticipated FY 22 OPEB contribution, the annual required contribution (ARC) for FY22, and the assumed discount rate.

Benchmarking – Please present benchmark data from ClearGov.com to help understand spending relative to peer communities.

We have scheduled Thursday, October XX, 2020 for our initial meeting and Thursday, November X for a more detailed follow-up meeting. We would appreciate receiving your budget materials electronically a week before each meeting (October X and November X, respectively) and being notified via email once these materials are available online.

Thank you in advance for your attention to these important issues. We look forward to an interesting and constructive conversation.

Town of Concord
Finance Department
Memorandum

TO: Select Board
 Finance Committee
 Stephen J. Crane, Town Manager

FROM: Kerry A. Lafleur, Chief Financial Officer

SUBJ: Request to approve FY20 year-end transfers

DATE: July 15, 2020

As you will recall, the Town's fiscal year budget is appropriated by Town Meeting in thirty-nine (39) distinct line items. Transfers are allowed between line items either by:

- Further Town Meeting action; or
- Under the procedure outlined in MGL Chapter 44, Section 33B.

At this time, I am seeking approval of **one final** transfer under MGL Ch. 44, Section 33B. Under this law, line item transfers are allowed between May 1 and July 15, with the approval of the Select Board and Finance Committee, the purpose being to close the year without line item deficits.

The following is the final request to close FY20:

Chapter 44, Section 33B Transfers Needed to Close FY20				
number	to/ from	line item	line description	amount
1	from	18	Snow Removal	\$ 39,000.00
2	to	38	Social Security & Medicare	\$ 39,000.00

The deficit in Line Item 38, Social Security & Medicare, is generally the result of an increase in the number of part-time employees for which the Town pays into Social Security, as these employees are not pension-eligible. As proposed, this deficit will be funded from Line 18, Snow Removal. A total of \$625,000 was budgeted for this activity, but only \$538,433 was expended, leaving an available balance of \$86,567.

Thank you for your consideration of this request.

 Finance Committee Action: _____

Select Board Action: _____