

# Proposition 2 1/2

## The levy limit explained

**Proposition 2 1/2** refers to an initiative statute adopted by the voters of the Commonwealth in November 1980. Its purpose was to stabilize municipal property taxes by limiting the amount by which the taxing capacity of the Town is allowed to increase each year. The allowed growth is 2.5 percent of the prior year's levy limit. For FY11, this allowed increase in the limit will be \$1,554,928 (which is 2.5% of the FY10 levy limit, \$62,197,127).

Added to the levy limit computation is the levy increase attributable to new growth. This represents additions to the base of taxable property, typically as a result of new construction, renovation and minor alterations, or change of use. Permitting the levy limit to be adjusted by new growth recognizes the fact that development creates

pressures on Town services over the long term.

The assessment date for each tax year is Jan. 1. The 2001 Annual Town Meeting adopted a state law allowing the physical improvements existing on property through each June 30 to be assessed with the taxable roll of the preceding Jan.1. Thus, new growth forecasted for FY11 is based on the activity of the current 12-month fiscal year ending June 30, 2010. The budget estimate is \$600,000, equivalent to about 0.9% of the FY10 total property tax levy.

Total growth of the levy limit is therefore attributable to two factors, one which is fixed (+2.5% per year) and one which is variable and subject to economic conditions. The total increase in the FY11 levy limit is thus projected to be \$2,154,928.

Additionally, the FY11 permitted tax levy will increase due to the added cost of debt service already approved by voters at the ballot box in prior years. The FY11 increase is \$937,729, about a 1.43% levy increase. The FY11 Budget Plan, however, proposes to draw \$1 million from the Elementary School Debt Stabilization Fund to fully offset this increase, in accordance with the vote of the 2008 Town Meeting.

The total increase in the Budget Plan recommended by the Finance Committee amounts to \$1,043,642 (+1.4%). Funding this proposed budget level will be \$1.24 million under the levy limit, based upon current projections of other revenues and available resources.

### Funding the FY11 Guideline Budget

#### Sources of new funds

#### Calculation of Annual Levy Limit

• part of permitted levy limit incr.	\$1,224,789	FY10 Levy Limit	\$ 62,197,127
• decrease in debt exclusion levy	(62,271)	2 1/2 percent	1,554,928
• est. tax levy from new growth	600,000	est. New Growth	<u>600,000</u>
• projected change in state aid	(408,876)	<b>Projected FY11 Limit</b>	<b>\$ 64,352,055</b>
• change in Free Cash use	(440,000)	Excluded Debt levy	<u>4,450,365</u>
• change in other local resources	<u>130,000</u>	<b>Available at Levy Limit</b>	<b>\$ 68,802,420</b>
	<b>\$1,043,642</b>	<b>Projected levy</b>	<b>\$ 67,560,087</b>

(+1.8% exclusive of New Growth levy)

# Overriding the Levy Limit

**Once** at the annual levy limit, the Town may exceed this limit only with a majority vote at a Town-wide special or regularly scheduled election. Without changes to current State laws, development of new municipal revenue sources, or significant amounts of new State aid, override votes have in recent years been annual consideration in the budget cycle. Voters approved operating overrides for the Town government accounts and the schools for six consecutive years:

FY02 budget:

\$2,249,022

approved June 10, 2001;

FY03 budget:

\$1,478,773

approved May 14, 2002;

FY04 budget:

\$1,532,364

approved May 13, 2003;

FY05 budget:

\$1,858,160

approved June 8, 2004;

FY06 budget:

\$752,480

approved June 7, 2005;

FY07 budget:

\$657,538

approved June 6, 2006.

Fourteen of 20 debt exclusion ballots have also been approved by the voters (see the section Excluded Debt). The total debt exclusion tax levy for FY11 is budgeted at \$4,450,365 (about 6.6% of the total projected tax bill). This is net of the proposed \$1,000,000 allocation

from the Elementary School Debt Stabilization Fund proposed under Article 10. The major portion of this sum, \$3,643,166, about 5.4% of the projected tax bill, is the financing cost of long-term bonds issued for the Alcott, Thoreau and Willard elementary school projects.

## Forms of overrides

The Town Meeting does not vote on overrides, or specify the ballot questions. By State law, overrides, capital outlay and debt exclusions are voted on only at a Town-wide election and require a simple majority vote for approval. State law gives the Board of Selectmen the sole authority to determine and specify the ballot questions. The Town Meeting's responsibility is to adopt budgets, and, when necessary, to specify whether and how much of an appropriation is to be contingent upon override or exclusion approval by the Town-wide electorate.

Override votes may precede or follow Town Meeting action. A General Override or Capital Exclusion vote will show the amount of the override in the wording of the ballot question. A Debt Exclusion cannot, by State law, show the amount of the debt, but rather can only refer to the debt authorized or to be authorized by a vote of Town Meeting. Authorization of Town debt by the issuance of bonds requires

a two-thirds vote at Town Meeting.

There are several permitted forms of a vote to exceed the annual levy limit:

### *General override*

A majority vote of the Board of Selectmen (3 of 5) is required to place this question on a ballot. The dollar amount of the levy limit increase must be specified and, if approved, the vote permanently increases the limit. The question can be posed with respect to the total budget or by identifying allocations to specific departments.

### *Capital Outlay Exclusion*

A two-thirds vote of the Board of Selectmen (4 of 5) is required to place this question on a ballot. If approved, the dollar amount of the override is effective for one year only. This form of vote can be used to authorize a capital purchase in lieu of a borrowing authorization. It can only be used for an expense that qualifies, under state law, for debt issuance authorization by the Town Meeting.

### *Debt exclusion*

A two-thirds vote of the Board of Selectmen (4 of 5) is required to place this question on a ballot. If approved, the override is effective only for the duration of the specified loan. The annual debt service amount (principal and interest payment) is added to the otherwise permitted annual levy limit.

# Debt management

**Prudent** use of debt financing is an important part of the Town's overall fiscal planning. The central objective of any debt management approach is to borrow at least cost over the term of repayment of the debt. Pursuit of this objective requires clear strategies regarding the purposes of the borrowing, when to schedule debt-financed projects, and how long to stretch out the repayment. Borrowing is a means of distributing part of a current capital cost to future taxpayers, and therefore should be utilized only when such cost allocation is deemed equitable and the long-term interest costs do not outweigh other benefits.

All debt of the Town is issued as general obligation debt. This means that the full faith and credit of the Town—its promise to repay from any source—is pledged to the bondholder. Debt issued on behalf of the Town's enterprise operations (water, sewer, light) is, however, fully supported by the revenues of the respective enterprise when this is stipulated by the authorizing vote of Town Meeting. The basic rules of debt issuance are set forth in the General Laws of the Commonwealth. Municipalities have no independent authority to develop their own rules or innovations.

Capital financing and debt management policy for town debt supported by taxation within the levy limit is subject to the following guidelines:

- the total budget allocation for capital needs should be in the range of 7% to 8% of the total budget (Town and K-8 schools);
- approximately one-third of capital needs should be met from current resources; the repayment of principal and interest, together with related issuance costs and short-term financing costs (i.e., debt service) should be capped at approximately 5% of the total budget;
- a rapid debt repayment schedule should be maintained, with a goal of 60% principal repayment within five years and 90% repayment within 10 years.

These guidelines are modified for major projects supported by debt exclusion votes. For example, the Alcott School bond was issued in September 2004 as a 20-year level-principal maturity schedule. The Thoreau School bond was issued in Sept. 2006 with an 18-year level principal maturity schedule.

The guidelines for debt to be financed within the levy limit serve several important purposes:

- capital needs are not displaced by the fiscal demands of current operations;
- the Town's approach to borrowing decisions is disciplined;
- the amount of debt service dollars expended for interest cost is minimized (about 25% of the total current year debt service will be expended for interest);

- the capacity to address ongoing capital needs is quickly and continuously restored.

Revenue-supported debt (water, sewer, light) is subject to different guidelines that consider the useful life of the project and the current interest rates in the marketplace (generally, debt issued for longer periods bears a higher interest rate).

Jan. 14, 2010, Moody's Investors Service reaffirmed the Town's credit rating of Aaa, its highest rating category. The rating report may be viewed on the Town's website at [www.concordma.gov](http://www.concordma.gov). The Aaa rating had first been obtained in Nov. 1987. The Town's credit rating is a measure of its overall fiscal health. It is, however, only an expression of the relative ease with which the town can be expected to support its debts.

The benefit of a strong credit rating is realized in lower interest costs on the Town's long-term debt issues. Thus, to the extent that the Town plans to borrow in support of its capital needs, a strong credit rating is a benefit to the taxpayers. Over the past six years, the Town has issued more than \$51 million in long-term debt to finance the three elementary school construction projects. Each bond issue has been sold at an interest rate below 4%. Most recently, the \$12.9 million serial bond issue in January for the Willard project was sold at 3.19% interest cost for a 19-year term.

# Excluded Debt

The FY11 tax levy required for the debt service on all excluded debt authorized to date is budgeted at \$5,447,226. Of this total, \$1,000,000 is proposed to be covered by allocation from the Elementary School Debt Stabilization Fund (Article 10). As of March 1, 2010, this fund had a balance of, \$2,737,485 and the Town's plan is to draw down this fund over a five-year period to lessen the tax impact from \$51 million of bonds issued since 2004 for the Alcott, Thoreau and Willard elementary schools.

The net FY11 tax levy for excluded debt will be about 6.6% of the total \$67.56 million projected property tax levy. The major portion of this cost is for the three elementary school projects.

The FY11 budget includes \$3,643,166 for Alcott, Thoreau and Willard School debt expense (net of the Stabilization Fund allocation).

Alcott	\$ 779,408
Thoreau	\$1,540,065
Willard	\$2,323,693
	\$4,643,166

Less (1,000,000) Article 10
Net tax Levy
\$3,643,166

Following is a summary of the debt exclusion authorizations comprising the FY11 budget.

## **Concord-Carlisle High School (CCRS) (1992 & 1995): final assessment share FY12**

At the Town Election March 31, 1992, by a vote of 2,399 to 1,753, voters approved excluding debt authorized by the Regional School

District for the Phase I improvements at the high school. A \$5.8 million bond was issued on November 1, 1992, and a \$1 million bond was issued Oct. 1, 1994.

At the Town Election March 28, 1995, by a vote of 572 to 370, voters approved excluding debt authorized by the Regional School District for the Phase 2 improvements at the high school. A \$3.1 million bond was issued April 15, 1996.

Both of these bond issues were refinanced by CCRSD in April 2003. This nine-year issue, with a final maturity in April 2012, was sold at a 2.71% interest rate.

## **Harvey Wheeler Bldg. (2002): final payment in FY16**

At a Special Election May 14, 2002, voters by a vote of 2,759 to 1,062 approved excluding \$1.2 million of debt for the Harvey Wheeler Building renovations, following authorization at the 2002 Annual Town Meeting. This debt was issued in February 2004 at a 2.87% interest rate and repayment commenced in FY05.

## **Alcott School (2002): final payment in FY25**

June 19, 2002, voters approved excluding the debt for construction of the new Alcott School, a \$16.7 million authorization approved at the 2002 Annual Town Meeting. The ballot vote was 2,208 to 1,477. The design and construction portion of this authorization, about \$14.2 million, was audited by the State in the summer of 2006 and received a lump-sum State grant of \$7.2 million in September 2006. A

20-year bond for \$7 million, representing the major portion of our anticipated local share for the construction phase, was issued in September 2004 at a favorable 3.7% interest rate. The second phase of work, demolition of the original building and site work, began in the summer of 2006 following the relocation of Thoreau students to their new school building after two years in temporary residence at the old Alcott School. No further state grant was earned for Phase 2 of the Alcott project. A 15-year bond for \$2.3 million was issued in February 2007 at a rate of 3.89%.

## **Thoreau School (2004): final payment in FY25**

June 8, 2004, voters approved excluding the debt for new construction and reconstruction (1994 wing) of the Thoreau School, a \$16.8 million authorization approved at the 2004 Annual Town Meeting. The ballot vote was 3,421 to 1,899. An 18-year bond for \$10 million was issued in September 2006 at a favorable 3.85% interest rate. An 18-year bond for \$6.8 million was issued in September 2007 at a 3.99% rate, completing the Thoreau School permanent financing.

## **Concord-Carlisle High School (2004):**

### **final assessment share in FY10**

June 8, 2004, voters approved excluding Concord's share of the debt for \$535,000 of renovations at the regional high school, pursuant to the vote of the 2004 Annual Town Meeting. The ballot vote was 3,515 to 1,782. The regional school dis-

trict issued this debt as a five-year note September 1, 2004 at a 3.9% interest rate.

**Wastewater Management Plan, Phase 1 (2004): final payment FY26**

June 8, 2004, voters approved excluding the debt for construction of sewer system extensions in the West Concord and Elm Brook neighborhoods. The ballot vote was 3,392 to 1,851. A debt authorization of \$4,190,000 was approved by the 2004 Annual Town Meeting, the debt to be issued through the state Water Pollution Abatement Trust at a subsidized interest rate of 2%. The Town meeting voted to allocate this debt among the General Fund, the Sewer Fund and betterments. The property tax share of the debt is approximately \$1,640,000. The debt was executed with the State in November 2005 and principal repayment commenced on a 20-year schedule beginning July 2006.

**Concord-Carlisle High School (2005): final assessment share FY11**

June 7, 2005, voters approved excluding Concord's share of the debt for \$590,000 of renovations at the regional high school, pursuant to the vote of the 2005 Annual Town

Meeting. The ballot vote was 1,781 to 1,552. The regional school district issued this debt as a five-year Note Dec.1, 2005.

**Willard School Design (2006): final payment in FY18**

March 28, 2006, voters approved excluding the debt for design cost of a new Willard elementary school. The ballot vote was 2,080 to 1,747. Town Meeting subsequently authorized \$1,840,000 for this purpose. This amount was financed as part of the April 1, 2008 bond issue, with a 10-year maturity schedule at a 3.11% interest rate.

**Concord-Carlisle High School (2006 and 2007): final payment in FY18**

June 6, 2006, voters approved a debt exclusion for Concord's share of \$1,200,000 for renovations at the regional high school, pursuant to the vote of the 2006 Annual Town Meeting. The ballot vote was 1,209 to 778. March 27, 2007, voters approved a debt exclusion for Concord's share of \$1,245,000 for renovations at the regional high school, by a vote of 959 to 514. This debt was subsequently authorized at the April 2007 Annual Town Meeting. These authorizations were combined and issued by the District as a 10-year \$2.445

million bond Dec. 15, 2007, at a 3.33% interest rate.

**Willard School construction (2007): final payment FY28**

Nov. 14, 2007, voters approved \$29.4 million for construction of a new Willard Elementary School, by a vote of 2,160 to 1,200. The project is scheduled for fall 2009 completion. A 19-year bond was issued for \$11.9 million in March 2009 at a 3.72% interest rate. A second 19-year bond was issued for \$12.9 million in Jan. 2010 at a 3.18% interest rate. A final bond issue of \$500,000 is expected to be issued next year to complete the Willard permanent financing.

**Concord-Carlisle High School (2009): final payment FY13**

March 31, 2009, voters approved a debt exclusion for Concord's share of \$750,000 for various renovations (\$500,000) and for a Master Plan study (\$250,000), in advance of the vote of the 2009 Annual Town Meeting. The ballot vote was 1,705 to 727. February 4, 2010, the school district issued a one-year Bond Anticipation Note at a 1.2% interest rate. The district intends to pay down \$250,000 of principal at the maturity date and either issue another note or permanently finance the balance at that time.

**Tax Levy for Excluded Debt**

Debt Issued:	FY09	FY10	FY11	FY12	FY13	FY14	FY15	Final Fiscal Yr
	Actual	Budget	Proposed	projected				
Concord-Carlisle H.S.	\$ 684,143	\$ 539,239	\$ 582,444	\$ 315,660	\$ 186,713	\$ (3,561)	\$ (10,170)	2018
Mattison Field	104,400							2009
Harvey Wheeler Building	124,309	122,191	119,827	116,994	114,039	110,837	107,389	2016
Alcott School	812,599	811,335	779,408	762,558	740,052	720,995	701,499	2025
Thoreau School	1,570,663	1,578,640	1,540,065	1,492,655	1,416,392	1,381,397	1,344,761	2026
Willard School	583,403	1,359,333	2,323,693	2,398,838	2,359,873	2,321,145	2,274,271	2029
Wastewater Plan, Phase 1	102,005	101,898	101,789	101,678	101,565	101,450	101,332	2026
<b>subtotal</b>	<b>\$ 3,981,522</b>	<b>\$ 4,512,636</b>	<b>\$ 5,447,226</b>	<b>\$ 5,188,383</b>	<b>\$ 4,918,634</b>	<b>\$ 4,632,263</b>	<b>\$ 4,519,082</b>	
<i>less Stabilization Fund</i>			(1,000,000)	(750,000)	(500,000)	(300,000)	(200,000)	
<i>plus authorized, not yet issued (Willard)</i>				120,000	116,000	112,000	108,000	
<b>NET from property tax levy</b>			<b>\$4,447,226</b>	<b>\$4,558,383</b>	<b>\$4,534,634</b>	<b>\$4,444,263</b>	<b>\$4,427,082</b>	

## Debt Service Schedule

### for debt issued through January 15, 2010

Fiscal Year	Total Annual Debt Service		Total Principal Outstanding at June 30th	Tax Supported Annual Debt Service							
				Town (within levy limit)		Town (outside levy limit)		School (within levy limit)		School (outside levy limit)	
				Principal Matured	Interest Payment	Principal Matured	Interest Payment	Principal Matured	Interest Payment	Principal Matured	Interest Payment
2010	6,979,349	2,346,173	79,599,889	1,750,000	258,385	171,747	52,675	875,000	96,511	2,325,000	1,339,488
2011	7,692,207	2,561,244	71,907,682	2,025,000	240,517	173,196	48,717	655,000	85,568	2,990,000	1,648,275
2012	7,200,780	2,323,662	64,706,902	1,775,000	176,716	174,675	44,253	475,000	66,716	2,980,000	1,558,738
2013	6,394,410	2,107,191	58,312,492	1,205,000	126,591	176,184	39,631	475,000	53,479	2,935,000	1,469,494
2014	6,128,314	1,913,338	52,184,178	965,000	90,641	177,723	34,726	435,000	40,016	2,935,000	1,380,626
2015	5,642,499	1,726,458	46,541,679	795,000	60,126	179,293	29,539	410,000	26,831	2,930,000	1,286,325
2016	5,311,970	1,547,907	41,229,709	580,000	33,450	180,895	24,067	335,000	14,388	2,930,000	1,189,082
2017	4,456,734	1,370,773	36,772,975	280,000	13,000	82,529	18,560	140,000	4,175	2,930,000	1,088,857
2018	4,111,796	1,232,224	32,661,179	100,000	3,750	84,196	16,767	0	0	2,920,000	990,844
2019	3,772,163	1,098,586	28,889,016	0	0	85,897	14,939	0	0	2,740,000	886,850
2020	3,717,523	975,882	25,171,494	0	0	87,632	13,073	0	0	2,740,000	787,563
2021	3,733,738	852,014	21,437,756	0	0	89,403	11,170	0	0	2,740,000	687,888
2022	3,739,005	724,674	17,698,751	0	0	91,209	9,229	0	0	2,740,000	585,088
2023	3,600,652	594,869	14,098,099	0	0	93,052	7,248	0	0	2,585,000	480,178
2024	3,617,635	470,318	10,480,464	0	0	94,932	5,227	0	0	2,585,000	380,884
2025	3,634,962	342,490	6,845,502	0	0	96,850	3,165	0	0	2,585,000	278,682
2026	2,742,637	231,651	4,102,865	0	0	98,806	1,062	0	0	1,675,000	193,844
2027	2,127,865	157,850	1,975,000	0	0	0	0	0	0	1,300,000	143,657
2028	1,300,000	89,313	675,000	0	0	0	0	0	0	1,300,000	89,313
2029	675,000	27,000	0	0	0	0	0	0	0	675,000	27,000
total	85,904,239	22,666,617		9,475,000	1,003,176	2,138,219	374,048	3,800,000	387,684	49,540,000	16,376,363

Interest expense as % of total debt service, FY11: 25.0%

Interest expense as % of total debt service to final maturity: 20.9%

Projected as of June 30, 2010:

	5 yrs	10 yrs
Debt Retirement - all	41.5%	68.4%

Debt Retirement - tax supported only	41.6%	68.7%
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Revenue Supported Annual Debt Service							
Water		Sewer		Betterment (WPAT loans)		Light	
Principal Matured	Interest Payment	Principal Matured	Interest Payment	Principal Matured	Interest Payment	Principal Matured	Interest Payment
560,000	199,784	564,684	236,287	192,918	46,961	540,000	116,082
550,000	178,669	574,072	222,445	194,939	44,534	530,000	92,519
550,000	157,869	583,649	208,400	197,456	42,058	465,000	68,912
350,000	136,869	593,420	194,146	199,806	39,532	460,000	47,449
350,000	124,119	603,388	179,931	202,203	36,955	460,000	26,324
350,000	111,269	613,557	165,398	204,649	34,326	160,000	12,644
350,000	98,206	623,932	150,620	207,143	31,644	105,000	6,450
250,000	81,831	534,516	134,242	209,689	28,908	30,000	1,200
250,000	72,113	545,314	122,634	212,286	26,116	0	0
175,000	62,738	556,331	110,791	214,935	23,268	0	0
175,000	56,175	567,570	98,709	147,321	20,362	0	0
175,000	49,175	579,036	86,383	150,299	17,398	0	0
175,000	42,175	590,734	73,808	142,062	14,374	0	0
175,000	35,175	602,668	60,979	144,932	11,289	0	0
175,000	28,175	614,843	47,891	147,860	8,141	0	0
175,000	21,175	627,265	34,538	150,847	4,930	0	0
175,000	14,175	639,936	20,916	153,895	1,654	0	0
175,000	7,175	652,865	7,018	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
5,135,000	1,476,867	10,667,780	2,155,136	3,073,240	432,450	2,750,000	371,580

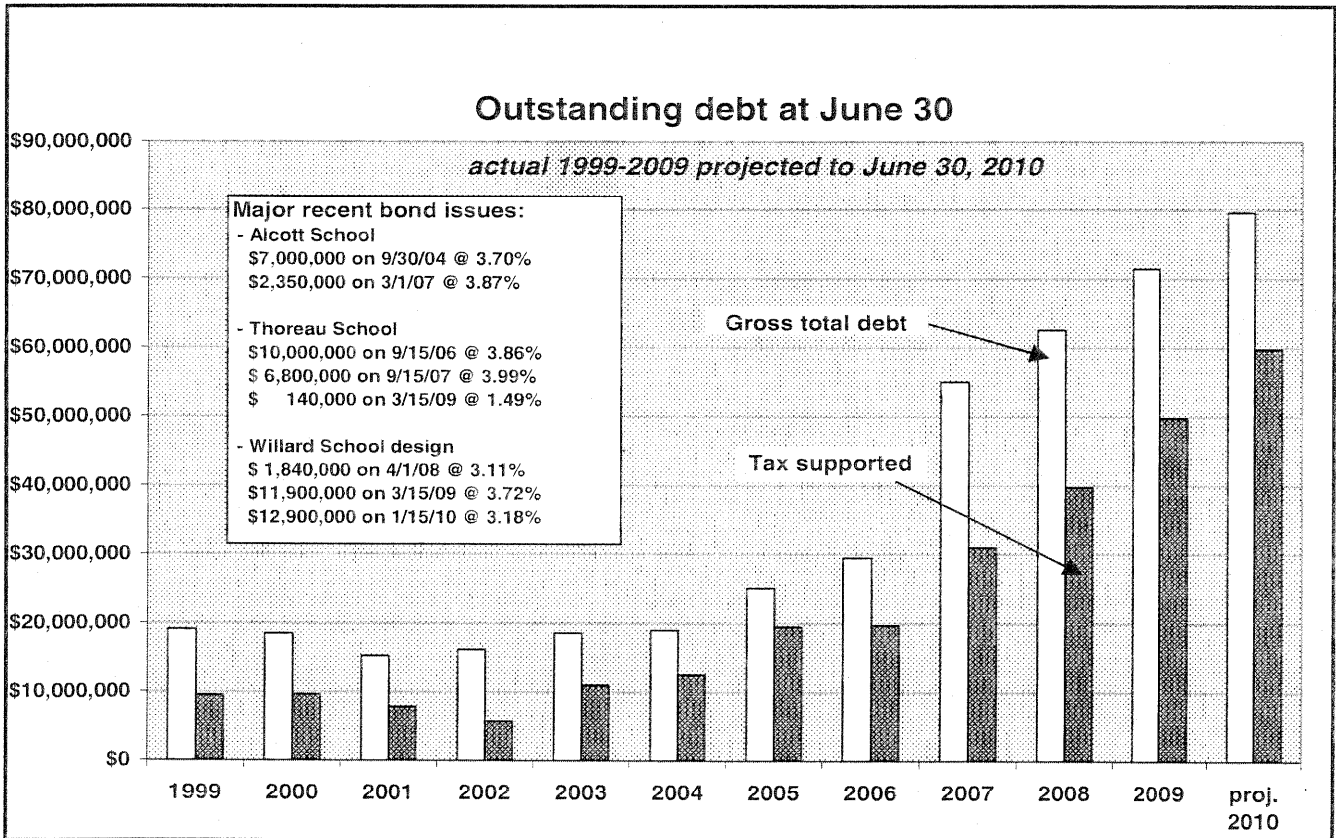
subtotals		
Tax-supported		Revenue-supported
within Limit	Excluded	
2,979,896	3,888,910	2,456,716
3,006,085	4,860,188	2,387,178
2,493,432	4,757,666	2,273,344
1,860,070	4,620,309	2,021,222
1,530,657	4,528,075	1,982,920
1,291,957	4,425,157	1,651,843
962,838	4,324,044	1,572,995
437,175	4,119,946	1,270,386
103,750	4,011,807	1,228,463
0	3,727,686	1,143,063
0	3,628,268	1,065,137
0	3,528,461	1,057,291
0	3,425,526	1,038,153
0	3,165,478	1,030,043
0	3,066,043	1,021,910
0	2,963,697	1,013,755
0	1,968,712	1,005,576
0	1,443,657	842,058
0	1,389,313	0
0	702,000	0
14,665,860	68,428,630	26,062,053

### CONCORD'S LONG-TERM DEBT STATISTICS

June 30, 1999 to June 30, 2009 actual, and projected to June 30, 2010

@ June 30	Assessed Value	Outstanding Long-term Debt		Population decennial census	per capita income decennial census	% of Assessed value		Debt per capita		Debt per capita as % of per capita income	
		Gross	Net			Gross debt	net debt	Gross debt	net debt	Gross debt	net debt
1999	\$2,704,003,171	\$19,120,000	\$9,533,000	17,076	\$31,655	0.71%	0.35%	\$1,120	\$558	3.54%	1.76%
2000	\$2,742,122,055	\$18,500,000	\$9,647,000	16,993	\$51,477	0.67%	0.35%	\$1,089	\$568	2.11%	1.10%
2001	\$2,783,643,972	\$15,260,000	\$7,865,000	16,993	\$51,477	0.55%	0.28%	\$898	\$463	1.74%	0.90%
2002	\$3,974,434,046	\$16,185,000	\$5,770,000	16,993	\$51,477	0.41%	0.15%	\$952	\$340	1.85%	0.66%
2003	\$4,408,301,807	\$18,605,000	\$11,020,000	16,993	\$51,477	0.42%	0.25%	\$1,095	\$649	2.13%	1.26%
2004	\$4,411,852,520	\$19,019,237	\$12,569,237	16,993	\$51,477	0.43%	0.28%	\$1,119	\$740	2.17%	1.44%
2005	\$5,117,100,515	\$25,138,385	\$19,515,000	16,993	\$51,477	0.49%	0.38%	\$1,479	\$1,148	2.87%	2.23%
2006	\$5,207,535,371	\$29,542,533	\$19,758,290	16,993	\$51,477	0.57%	0.38%	\$1,739	\$1,163	3.38%	2.26%
2007	\$5,309,253,833	\$55,091,156	\$31,052,480	16,993	\$51,477	1.04%	0.58%	\$3,242	\$1,827	6.30%	3.55%
2008	\$5,498,736,316	\$62,606,176	\$39,739,546	16,993	\$51,477	1.14%	0.72%	\$3,684	\$2,339	7.16%	4.54%
2009	\$5,264,591,702	\$71,479,238	\$49,853,220	16,993	\$51,477	1.36%	0.95%	\$4,206	\$2,934	8.17%	5.70%
proj. 2010	\$5,026,552,229	\$79,599,889	\$59,831,473	16,993	\$51,177	1.58%	1.19%	\$4,684	\$3,521	9.15%	6.88%

Supporting debt issued for the water, sewer and electric funds.



# State Aid

**State** aid is received for general town purposes and is not restricted in use, although it is often discussed as if earmarked for school aid and general or non-school aid. Chapter 70 school aid and the distribution of the net lottery proceeds are the major components of Concord's aid. Concord receives a minimum statutory Chapter 70 allocation, due to its income and property wealth measures.

## State Aid and the State's fiscal position

**State** Aid is a significant component of the State budget, historically almost one-fourth of total state spending. Aid is distributed to the cities and towns through a variety of formulas, most of which provide aid to communities based upon relative need as measured by property and income characteristics. On average, about 20% of all local spending is supported from State aid. Funding received by Concord in recent years prior to

FY09 had represented about 6% of the Town's total budget. Some municipalities receive more than half of their local budget funding from State aid.

Due to the State's precarious budget situation that has persisted since the summer of 2008, the Governor and State legislature have taken a series of actions to scale back aid to cities and towns. In Jan. 2009, the Governor announced a mid-year cut, withholding \$128 million Statewide, which included \$140,000 withheld from Concord. The response of the Town Manager and Superintendent of Schools was to take immediate steps to reduce current spending by an equal amount below the enacted town budget.

The final FY09 quarterly State aid payment due June 30, 2009 was reduced by \$412 million statewide, and federal ARRA (stimulus) funds were substituted. Each municipality and regional school district had

to apply for a share of the federal grant. Concord received \$226,608 of its June 30, 2009 State aid payment as a federal grant.

The final State budget for FY10 reduced aid to cities and towns by more than \$500 million, about 9% of total State aid. Concord's reduction was \$670,000, almost 15%. State aid as a percentage of the total town budget fell to 5%.

The Governor's January proposals for the FY11 state budget sought to hold State aid level for the coming year. The state's deficit projections are not improving, however, and the legislature has conveyed the message to expect a cut of at least 4% and possibly more. The financial plan being presented for Concord's Town Meeting incorporates an estimated FY11 State aid cut of 10%.

The present status of FY10 and FY11 estimates for the Town is shown below.

<b>State Aid</b>						
<b>FY07 and FY08 actual, FY09 budget and actual,</b>						
<b>FY10 budget (July "cherry sheet estimate") and FY11 forecast</b>						
Account	Actual FY07	Actual FY08	FY09		FY10 Budget	FY11 Forecast
			Budget	Actual		
1 Chapter 70 school aid	\$1,788,314	\$1,975,049	\$2,154,784	\$1,928,178 (a)	\$2,111,688	
2 Additional assistance	383,959	383,959	383,959	346,544	0	
3 Lottery	1,045,180	1,059,887	1,059,887	956,605	0	
4 Unrestricted general gov't aid					1,022,124	
5 School construction	288,045	0	0	0	0	
6 Police career incentive	158,496	158,314	163,855	160,094	30,496	
7 State-owned land	546,166	610,209	654,273	654,273	589,412	
8 all other	70,038	55,108	61,228	41,969	55,156	
<b>TOTAL</b>	<b>\$4,280,198</b>	<b>\$4,242,526</b>	<b>\$4,477,986</b>	<b>\$4,087,663</b>	<b>\$3,808,876</b>	<b>\$3,400,000</b>
FY09 mid-year reduction			(140,697)			
FY09 Net			\$4,337,289			

NOTE: (a) \$226,606 was received on June 30, 2009 as a federal ARRA ("stimulus") grant

# Article 10: Elementary School Debt Stabilization Fund and Article 11: Free Cash Use

The accumulation and use of Free Cash, which is available undesignated fund balance of the General Fund, is an important component of the Town's overall financial management policies. These policies maintain the Town's ability to respond to emergencies, promote the stability of service levels and control the rate of tax levy change.

The undesignated fund balance may be appropriated in either of two forms: 1) for specific expenditures or 2) to reduce the tax levy that otherwise would be required. The available amount is calculated and certified each year by the Commonwealth's Department of Revenue based upon the balance sheet submitted by the Town.

The General Fund Balance, sometimes referred to as surplus or surplus revenue, is the amount by which cash and receivables exceed current liabilities and

commitments. In a business sense, this might be thought of as liquidity. In a personal sense, it can be thought of as available savings—at least the portion of savings that cannot be claimed by any other creditor and that is available without requiring the sale of property or other fixed assets.

It is customary for the Annual Town Meeting to allocate some portion of the General Fund Balance to the support of the ensuing year's expenditure plan. In some years these savings used are more than replenished from operations, while in other years the year-end return from unexpended appropriations and from revenues over estimates, if any, is insufficient to fully restore the Town's accumulated reserves. The sums voted by each annual Town Meeting for use in the ensuing fiscal period are deducted and reserved prior to each June 30 certification.

## Elementary School Debt Stabilization Fund

The 2008 Town Meeting had acted upon the recommendation of the Finance Committee to establish a debt service stabilization fund, with an initial transfer of \$2.5 million from Free Cash, effective July 1, 2008, in anticipation of significant debt service costs projected to begin in FY11 for debt service on the Willard School project. Article 10 initiates the use of this fund, recommending the FY11 allocation of \$1,000,000 to support elementary school debt service. This avoids a 1.5% tax rate increase that otherwise would be needed. The current plan is to draw upon the Debt Stabilization Fund over the ensuing four years as follows: FY12, \$750,000; FY13, \$500,000; FY14, \$300,000; FY15, \$200,000. This plan will keep total excluded debt service essentially level during the five-year time span. Since a Stabilization Fund can be invested with greater flexibility (but still

Free Cash					
Undesignated Fund Balance					
BALANCE			USED		
As of June 30	Certified	As % of next budget	Fiscal Year	To reduce tax rate	As percent of levy
2004	3,994,445	6.8%	2006	500,000	0.9%
2005	4,880,193	7.8%	2007	500,000	0.9%
2006	5,730,609	8.6%	2008	500,000	0.8%
2007	8,003,063	11.5%	2009	600,000	1.0%
2008	7,371,061	9.8%	2010	1,040,000	1.6%
			<i>proposed</i>		
2009	\$ 8,471,337	11.1%	2011	\$ 600,000	0.9%

safely) than other operating funds and retains interest earnings, the total planned outlay of \$2,750,000 over five years is more than the Town started with. At this writing, the Fund has earned \$237,000.

**Free Cash allocated to FY11 budget support**

**The** Finance Committee's Budget Guideline plans issued November 2009 provided for an allocation of \$600,000 to support the FY11 operating budgets. The Committee annually reviews the Free Cash policy and has reaffirmed the commitment to keep the unused Free

Cash balance at or above 5% of the total ensuing budget, a level deemed essential to enable the Town to cope with unexpected circumstances. The Town's actual Free Cash level has been above this minimal level in recent years and has been an important factor in the maintenance of the Town's TripleA credit rating.

Any favorable budget variances from current year operations (actual revenues in excess of the FY10

budget estimate, and/or any FY10 appropriations that remain unspent at year end) will become part of the June 30, 2010 Free Cash balance. This balance will be available to the next Annual Town Meeting in 2011 for allocation in support of future budgets. The results of FY10 operations are presently expected to restore all or most of the Free Cash balance proposed for allocation at the 2010 Town Meeting. The Committee is recommending allocation of \$600,000 (Article 11).

# Reserve Fund Transfers

The transfers to Town budget accounts authorized by the Finance Committee during FY09 are shown in the accompanying table. Requests amounted to \$78,168, with \$146,832 being returned unexpended June 30, 2009.

The Reserve Fund is an appropriated contingency account. It is part of the Town Government budget (item 34 of Article 7, proposed at \$225,000) and is counted within the Finance Committee's budget guideline for Town Government operations (Article 7, items 1-36). It is allocated during the budget year by vote of the Finance Committee pursuant to the request of the Town Manager. Legally, its use is restricted to "extraordinary or unforeseen expenditures".

The Town budget is adopted as a series of separate appropriations (Ar-

ticle 7, items 1-41). Funds are not transferred from one appropriation account to another except by Town Meeting action. Only the Reserve Fund appropriation may be used during the fiscal year to supplement other appropriation accounts, except that in the final three months of the budget year any appropriation balance may be transferred by joint approval of the Finance Committee and the Board of Selectmen. This latter provision was added by state law in 2003 as a safety valve for communities that exhaust their Reserve Fund account. Concord has not used this provision of law.

This budget contingency process works differently for the Concord Public Schools budget (Article 8). State law gives the School Committee the power to authorize trans-

fers within its appropriation total voted by Town Meeting.

At the end of each fiscal year, funds in appropriation accounts that are not spent are returned to the General Fund balance.

The FY11 Reserve Fund appropriation recommendation, \$225,000, is less than one percent of the total Article 7 recommendation. State law allows the Reserve Fund appropriation to be as much as 5% of the previous tax levy; this would permit a Reserve Fund appropriation of \$3.3 million. The Concord Finance Committee has not felt that such a large contingency account would be consistent with the objective of fostering tight expenditure control by Town and School administrations.

<i>Reserve Fund Uses, FY2009</i>		
<b>Town Account</b>	<b>Amount</b>	<b>Purpose</b>
Finance Committee	\$ 1,600	recording secretary services
Concord Schools bus repair	25,680	appropriation of insurance claim
Snow & Ice removal	48,255	supplement of original \$452,000 budget
Social Security/Medicare taxes	2,633	actual costs in excess of original \$510,000
<b>TOTAL</b>	<b>\$ 78,168</b>	

# Observer reports

## Board of Assessors

**The** Board of Assessors is responsible for the valuation of residential and commercial properties for local tax purposes. The Board also decides on applications for 1) abatement owing to property overvaluation and 2) property tax or Community Preservation Fund surcharge exemptions filed by residents who are eligible by reason of age, income status, veterans disability status or blind, as defined by State law and fully described on the assessor's web page ([www.concordma.gov](http://www.concordma.gov)).

The Board of Assessors is a citizens' body appointed by the Town Manager with the approval of the Board of Selectmen. It is comprised of five members plus an additional three associate members. Full members have voting rights and can sign documents as members of the Board. State law requires that properties be valued at their full and fair cash value every year. Once every three years, valuations must be certified with on-site reviews by the State Department of Revenue's (DOR) Bureau of Local Assessment. In the intervening years, the valuation is subject to statistical review, overseen by the Board of Assessors and approved by the DOR. Concord's last property valuation certification was conducted in FY08.

The assessment calendar runs from January to December and is summarized in the table below. Valuations are established for assessment on January 1, based on town property sales data from the preceding calendar year. Analysis of sales from the preceding year occurs during the spring and summer of the actual assessment year. In addition, in accordance with State law, the assessors value new construction completed or in progress as of June 30. All proposed valuations are published in the fall. The tax rate is set in December, midway through the fiscal year beginning July 1, and the new assessed value appears on the 3rd quarter tax bill mailed each January 1, a full year after the assessment date.

For Fiscal Year 2010 (July 1, 2009-June 30, 2010)	
Assessment Date	January 1, 2009
Calendar year sales analysis	Sales occurring in 2008
New construction valuation	Status as of June 30, 2009
Property valuations set	Fall 2009
Property tax rates set	December 2009
New property tax rates applied	3rd Quarter property tax bill, January 1, 2010

One warrant article is being sponsored by the Board of Assessors at the 2010 Annual Town Meeting.

**Article 13** is proposed every year by the Board of Assessors to determine whether the Town will accept State law provisions that allow cities and towns to increase by 100% the State-set limits on certain statutory property tax exemptions. Concord Town Meeting has approved this option every year since 2001, thereby doubling the amount of money that may be deducted from the tax

*Continued*

bills of qualified applicants. Eligible citizens include disabled veterans, blind persons, and citizens age 70 years or older (or joint owner with a spouse 70 years or older) as of July 1 of the tax year, have owned and occupied the Concord property for five years, and meet other asset requirements. The Commonwealth reimburses cities and towns for a portion of the state-set limits but does not provide reimbursement for the locally adopted increase above the state limits. In FY09, 114 eligible taxpayers were granted property tax bill reductions totaling about \$95,000. The Finance Committee recommends affirmative action on Article 13. The article is expected to be on the Consent Calendar. Details on tax exemption eligibility requirements are available on the Town's Board of Assessor's website ([http://www.concordma.gov/Pages/ConcordMA\\_Assessor/exemption\\_information](http://www.concordma.gov/Pages/ConcordMA_Assessor/exemption_information)). exemption\_information).

## Concord Municipal Light Plant

### Overview of CMLP

**The** Concord Municipal Light Plant (CMLP), established in 1898, is one of 40 municipally owned electric utilities within Massachusetts. CMLP purchases power from outside suppliers and distributes it to approximately 7,600 residential, commercial, and industrial customers and public agencies in Town. CMLP's municipal ownership is important to Concord residents because it provides the Town with more stable rates and better service at a lower cost than neighboring towns. In CMLP's 2008 Residential Customer Survey, 96.4% of responding customers provided a strong overall positive rating for "their electric company".

CMLP is a Town department overseen by the Concord Municipal Light Board. The Town Manager, pursuant to the provisions of the Town Charter, serves as the General Manager of CMLP, hires the director and appoints the Light Board members. CMLP stewardship with oversight by the Light Board ranges from department operations to holding rate-setting hearings. CMLP's financial results for the previous calendar year are included in the Town's financial statements for the Town's June 30 fiscal year. All administrative financial and human resources functions are performed by the Town Finance and personnel offices, with cost allocated to CMLP.

CMLP owns and maintains all buildings and infrastructure within the Town borders having to do with delivering electricity: headquarters, substations, wires and cables. Coordinating with other Town departments and as required by Town By-laws, CMLP is installing conduit for underground wiring to replace older above-ground facilities.

### *Power Supply*

CMLP's power consists of a mix of conventional sources (primarily natural gas-fueled power plants) and renewable energy sources. CMLP's power contract with Constellation Energy Commodities Group, its primary supplier since 2002, ended Sept. 30, 2009. A three-year power purchase contract with Morgan Stanley be-

came effective Oct. 1, 2009, and is projected to supply a major part of the Town's electricity needs until Dec. 2012. A contract with the Braintree Electric Light Department for natural gas-fueled peaking power from the Thomas A. Watson Power Plant supplies an additional 15% of capacity needs and contributes to energy needs when the unit is dispatched by the ISO (Independent Service Operator, the manager of the electricity grid in New England) to run.

CMLP is adding renewable energy-based sources to Concord's power supply. Hydroelectric power is purchased through the New York Power Authority, and a three-year contract with Miller Hydro in Lisbon, Maine began March 1, 2010. Power under these two contracts will supply roughly 6% of energy needs in the coming years. CMLP is in conversations with wind energy suppliers in Western Massachusetts and Maine and hopes to add wind-generated energy to its portfolio as soon as these facilities are up and running. CMLP also hopes to add some capacity (2%) and energy (3%) from a landfill methane gas project in Granby, MA at a very competitive price.

Given decreases in the price of solar photovoltaic panels, the State and Federal financial incentives available, and solar's ability to reduce the peak during summer high usage times, CMLP is also evaluating the potential for a third-party power purchase contract for a solar facility in Concord. Town Meeting approval is sought under Article 64 for the Town Manager to enter into a long-term lease for selected parcels of Town land should CMLP determine that a solar facility is both cost-effective and advantageous to the Town.

#### *Financial Overview*

CMLP is structured as an Enterprise Fund. It is self-supporting and requires no tax money. CMLP pays its allocated share of central administrative services, including services of the Town Finance Department and the Human Resources Department. CMLP also makes an annual transfer to the General Fund as a Payment in Lieu of Taxes (PILOT). This payment is based on the same formula as is used to calculate the property tax for investor-owned utilities in the state, and is based on net plant value times the property tax rate. The Town's FY2011 budgeted PILOT from CMLP is \$380,000 (Article 14).

CMLP capital expenses may be bonded by the issuance of Town bonds, which are supported by the Town's credit rating and backed by the Town, but dependent on CMLP revenues for interest and principal retirement payments. CMLP maintains its own budget and set of accounts, but all receipts and disbursements as well as the issuance of utility bills are handled by the Town Finance Department. There is a separate Finance Committee public hearing for this and all other enterprise funds prior to Town Meeting.

CMLP bonds outstanding at Dec. 31, 2009 totaled \$2,450,000. Town Meeting in April 2009 authorized an additional bond issue of \$4,500,000 for Smart Grid infrastructure development. This additional long-term debt is expected to be issued in 2011.

#### *Overview of Calendar Year 2009*

Financial Results: Audited financial reports of CMLP are filed with the Massachusetts Department of Public Utilities on a calendar-year basis. The audit of 2009 financial results is in process at this time; therefore, note that the results for 2009 are preliminary and exclude the effect of unbilled sales and audit adjustments.

Electricity sales for 2009 were 177,580 megawatt hours (MWH) compared to 179,579

MWH in 2008. This is a decrease of about 1.1 percent. Power supply charges from suppliers are passed through at actual cost to CMLP customers. Additionally, CMLP bills customers for the cost of electricity distribution, which includes operating, maintenance, capital and administrative costs. CMLP's revenues increased from \$20,250,144 in 2008 to \$21,048,169 in 2009, representing an increase of about 4%. However, Income from Operations declined from \$1,681,961 in 2008 to \$1,388,118 in 2009 and Net Income declined from \$468,471 in 2008 to \$95,943 in 2009. A major component of this decline was the non-budgeted recording of certain post-employment benefit expenses.

*Pricing:* Effective for bills rendered on or after Aug. 1, CMLP instituted a surcharge for commercial customers whose capacity usage, as measured by Power Factor, does not meet an efficiency target. Effective Oct. 1, 2009, CMLP implemented a tiered pricing program for residential electricity. The rate for usage up to 1,400 kilowatt hours (kWh) per month is 14.36 cents per kWh, increasing to 15.36 cents for usage from 1,401 to 2,200 kWh, and 16.36 cents per kWh for usage greater than 2,200 kWh/month. Usage for approximately 80% of residential customers presently falls in the lowest tier. Power factor surcharges and tiered residential pricing are expected to improve energy conservation and efficiency, and adjustments to these programs will be made over time.

*Rate Stabilization Fund:* In 2006, CMLP established a rate stabilization fund to buffer future rate increases after the Constellation contract expired Sept. 2009. About \$542,000 from the Rate Stabilization Fund was used to offset increased power supply expenses in 2009.

*Rate Relief Funds:*

CMLP provides support for low-income customers who qualify for a discount electricity rate of 50% on the first 500 kilowatt-hours per month. Currently, about 105 customers qualify for discounts totaling about \$32,000 for 2009. CMLP also increased its annual contribution to the Hugh Cargill Trust from \$16,000 to \$26,000 for 2009.

*Energy Conservation:* In CMLP's 2008 Residential Customer Satisfaction Survey, 70% of respondents rated the following as equally important: keep rates low, maintain reliable service, and minimize the environmental impact of energy. During 2009, CMLP hired a new Energy Conservation Coordinator to focus on enhancing the effectiveness of its energy efficiency and conservation programs. Buildings account for approximately 40% of energy consumption in the US annually and Concord's single-family residences and older homes present significant opportunity to improve resident comfort, reduce resident energy costs and reduce carbon dioxide emissions. Enhancements to the home energy audit program are planned for 2010.

CMLP's 2009 budget for energy services and conservation was \$262,000. Energy services include the following: energy conservation promotions, rebates and audits, light bulb rebates, funding of weatherization efforts led by Concord Conserves, electro-thermal storage heat rebates, key account energy audits, residential conservation services, electric safety school programs, and a web site aimed at energy conservation and electric safety.

*Solar Energy:*

CMLP sponsored two residential solar demonstration projects during 2008 and is further developing residential solar programs to be offered in 2010. In 2009, CMLP applied for a \$150,000 federal grant for a solar photovoltaic (electricity) system on the roof of the Willard elementary school. CMLP was notified in Feb. 2010 that it was

awarded the grant. The \$150,000 will be matched with \$100,000 from the Sawyer Trust and \$60,000 from CMLP renewable energy funds. This will allow Concord to install a system in the range of 45 kilowatts to provide a source of renewable electricity at Willard.

Smart Grid: Citizens attending April 2009 Town Meeting approved debt financing for the design and implementation of a Smart Grid system. The Smart Grid being installed consists of three basic parts: 1) a communications network of fiber optic lines from the Light Plant to the 1,600 or so transformers spread throughout town; 2) energy management devices such as smart thermostats in homes and businesses; and 3) software that runs on the computers at the Light Plant. The communications network carries information back and forth, collecting data about electricity usage from homes and businesses and sending instructions from the Light Plant to help customers manage their electricity usage. Other tools, such as software to allow customers to view their electricity usage online, real-time, can be part of a Smart Grid.



The following are expected benefits of the Smart Grid system: quicker response to power outages, reduced use during peak periods

to decrease the total amount of electricity CMLP will need to buy, and postponing the purchase of another large transformer if peak energy needs can be reduced. The Smart Grid will also support energy conservation and help incorporate renewable sources of energy such as solar photovoltaic into the electricity grid.

During 2009, CMLP conducted a successful equipment pilot at 5 locations in West Concord, completed the design of the overall system, and prepared Requests for Proposal for the remaining components of the Smart Grid (fiber optic cables, other devices, construction). Construction of the system infrastructure is expected to be completed in 2010, and rollout of home-based devices to customers will begin in 2011.

#### **Warrant Articles for Town Meeting**

##### *Article 14 Light Plant Payment In Lieu Of Taxes*

To determine whether the Town will vote to authorize a transfer of \$380,000, or any other sum, from the Operating Fund of the Light Plant to be used by the Board of Assessors to reduce the tax levy for the fiscal year ending June 30, 2011, or take any other action relative thereto.

##### *Article 15 Light Plant Expenditures*

To determine whether the Town will vote that the income from sales of electricity and from servicing and jobbing during the ensuing fiscal year together with the balance of operating cash in the Light Plant Fund, be expended without further appropriation under the direction and control of the Town Manager for the expenses of the Light Plant for said fiscal year, as defined in Section 57 of Chapter 164 of the Massachusetts General Laws and Acts, and amendments thereof and additions thereto; and/or for other plant extensions, enlargements, additions, renewals and reconstruction, or take any other action relative thereto.

##### *Article 64 Authorization of Long-Term Lease for Solar Energy*

To determine whether the Town will vote to authorize the Town Manager to enter into a long-term license, lease and/or contractual agreements, subject to terms and conditions approved by the Board of Selectmen, involving the property at 509 Bedford Street, ~~Concord~~ <sup>continued</sup>

Wastewater Treatment Plant site (Assessors Parcels 1195, 1196, 1197, 1198, 1199, 1200, 1201, and 1213), the property at 1175 Elm St., the Light Plant headquarters (Assessors Parcel 1999-1), the property at 133/135/141 Keyes Rd. (Assessors Parcel 1682), and/or the property at 33X Old Bedford Road, the former Ammendolia land (Assessors Parcels 4209 and 4210-2), for the purposes of installing solar energy facilities and supplying solar energy, and further to authorize the Selectmen and Town

## Public Works Commission

**The** Public Works Commission consists of five members appointed by the Town Manager for staggered three-year terms. The Commission advises the Town Manager, the director of Concord Public Works (CPW), the Planning Board, and other Town boards on matters that concern Town water, sewerage, solid waste, drainage and roads. The Commission is responsible for setting policy and rates schedules for water, sewer, and solid waste services, and approves minimum standards for, and the final layout of town roads. The annual budget for operating CPW is contained in the Town Manager's budget (items 17 to 24 of Article 7). The FY11 recommendation of \$3,419,540, which is 10.5% of the Town Budget represents no significant increase over FY10. The highlights of the FY11 recommendations include:

*Administration (Item 17a) a budget of \$310,909 unchanged from last year.*

The Solid Waste Fund: 50% of one of the division's administration assistant's position and 13.5% of all other expenditures. The water fund supports 25% and the sewer fund supports 10% of most division expenses.

*Engineering (Item 17B) a 4.7% decrease in operating cost*

Major elements in purchased services are \$16,000 for ground water and soil gas monitoring expenses at the landfill site (this was formerly in the Solid Waste Fund budget) and \$24,000 for computer software maintenance and training related to the Geographic Information System (GIS). The Capital Outlay budget includes \$20,000 for traffic signal replacement, and \$20,000 for continued GIS application development. Increased costs in other purchased services are offset by a delay of six months in filling a vacant engineering aide position.

*Highway Maintenance (Item 17C) a .6% decrease in operating cost.*

Expected increases in the wages for fulltime employees have been offset by the elimination of temporary help and reduction in overtime and police details. A reduction in estimates for crack sealing and landfill hauling cost avoided additional budget increases.

Other support is provided by the Water & Sewer Fund for fleet maintenance and trenching activities (\$19,621) and by the Solid Waste Fund for Drop-Off Day assistance and for partial funding of Composting Site expenses (\$5,000). The catch basin cleaning budget remains the same as last year but fewer are cleaned because of an increase in the cost of disposal. The Cemetery Fund is budgeted to contribute \$7,539 to Highway Maintenance to compensate for staff time spent on cemetery-related activities. Capital outlay includes \$10,000 for guardrail replacement and \$5,000 for small equipment.

*Parks & Trees- (Item 17D) a .6% decrease in operating cost.*

The FY11 budget reduces the number of summer crew positions from 3 to 2 and decreases the hours for seasonal help from 2500 to 2280. The Light Fund provides funding (\$5,310) for trimming around power lines.

A private sports organization, The Friends of Concord Fields provides \$50,000 to cover the maintenance of the multi-purpose fields. Concord Carlisle Youth Baseball will provide \$5,300 for the development of the Ripley Field baseball facility. Other expenses are partially supported by \$30,000 from the Recreation Fund and the School budget.

*Cemetery (Item 17E) an 11.7% decreases in operating cost.*

The General Fund covers 35% of the operating cost. The Cemetery Fund provides 65% of the operating cost and 100% of the capital costs. The Capital Outlay consists of \$10,000 for the continuing grave marker preservation project and \$30,000 for Cemetery master plan improvements.

*Snow & Ice Removal (Item 18) an 8.8% increase in operating cost.*

The recommended appropriation based on a 10-year average of actual expenditures would be of \$535,625. But due to budget constraints only \$495,000 is recommended. The cost of salt has remained level for FY 09 and FY 10 but is expected to be volatile in future years due to the unpredictable transportation costs. Salt is about 30% of the total winter maintenance expenditures.

*Street Lighting (Item 19) an 21.6% decreases in operating cost.*

The number of streetlights has been reduced from 1636 in FY 03 to 1353 at the end of FY 09. This has saved 270,000kWhs of electricity. Even though rates have gone up nearly 30% the Town expects to reduce cost by eliminating over 500 streetlights.

*CPW Equipment (Item 20) represents a 2.9% decrease in operating cost.*

All of the costs are capital costs. Despite the decrease, the recommended FY11 appropriation together with any remaining FY10 funds will be consistent with the annual reinvestment needed to maintain vehicle inventory in good condition

Thus year we will add a 10-ton multiple-use dump truck and two multiple-purpose sidewalk machines.

*Sidewalk Management (Item 22) no increase over FY10*

An updated evaluation in FY09 indicated that the overall sidewalk condition index (SCI) appears to have decreased slightly below the target 80-85 SCI. A limited number of sidewalk extension projects will be completed through a \$250,000 borrowing authorization from FY10.

*Road Improvements (Item 23) a 34.6% decrease in expenses*

This decrease is compared to the FY10 budget, which included additional borrowing for special road-related projects. Total funding from all sources for the Roads Program is \$1,311,600, assuming state aid remains at the same level authorized for FY10. The proposed borrowing authorization for road rehabilitation remains at \$700,000 per year.

*133/135 Keyes Road (Item 24) a 6.3% decreases in operating cost.*

A decrease of \$10,055 in electricity and natural gas estimates account for most of the reductions reflecting the lower price of gas and the installation of a new gas-fired HVAC system at 135 Keyes Rd.

## Recreation Commission

**The** Recreation Commission is appointed by the Town Manager and is responsible for setting policy directions for the Concord Recreation Department. The Recreation Department operates a number of programs to provide year-round recreational opportunities for members of the community. Major services include preschool and after-school care serving children between the ages of three and 11, summer activities including day camp that last summer served over 800 children, a wide variety of sports programs for children and adults, and swim and fitness programs at the Beede Swim and Fitness Center.

### *The Beede Center*

The Beede Center is operated as the Swim and Fitness Enterprise Fund, established by a Town Meeting vote in 2005. Located on the campus of the Concord Carlisle Regional High School, the facility opened in April 2006. As an enterprise fund, the Beede Center has an accounting structure under which membership and user fees and other revenues are used to meet its expenses, including certain costs allocated from the Town. The enterprise fund structure allows the Center to depreciate its assets and build up capital reserves for maintenance and future capital expenses. This allows the Town to operate the facility as a financially self-supporting enterprise without a need for tax revenues.

Now in its fourth year, the Center continues to be a vital and popular community resource. While the fiscal year that ended June 30, 2009 was a financial success, the economic downturn and competition from other health and fitness facilities in the vicinity have resulted in a decline in total membership during the past year. Nonetheless membership remains strong with a high percentage of renewals. New members continue to join and guest visits are popular. The Center offers a number of swim and fitness programs and a youth swim team program that have generated additional revenues. The management of the Recreation Department monitors the operation of the Center closely and adjusts its programming and staffing to address customer demand and to operate in a fiscally responsible manner. The Center has managed to accumulate a significant amount in its depreciation reserve. The community is fortunate to have this resource and the Finance Committee is grateful to all who have made it possible.

The Enterprise Fund budget for the Beede Center is Article 21 on the Warrant for Town Meeting.

### *Child and Adult Recreation Programs*

Child care services sponsored by the Recreation Department include the Carousel Preschool operated at the Harvey Wheeler Center and after-school and school-vacation care operated at the Harvey Wheeler and at the Hunt Gum. In addition, the Recreation Department runs a summer day-camp program at the Hunt Gym and Emerson Field. User fees support these services and the Department offers scholarships to families in need. Funding for the scholarships is raised annually from individuals, businesses and organizations including the Concord Carlisle Community Chest, the Concord Parents League, First Parish Church, the Lions Club and the DiGiovanni Family Trust. The Concord Open Golf Tournament, held at Nashawtuc County Club, raised over \$12,000

for the scholarship fund. Other community events such as the very popular Shamrock Ball and the sixth Grade Halloween Party also contribute to the scholarship funds. Last summer the Department awarded approximately \$106,000 worth of summer scholarships. Although economic conditions have resulted in a decline in enrollments for some programs, the Recreation Department has been able to adjust its staffing so that most programs have operated in the black.

The Recreation Department organizes and supports several popular community-wide events including the Fourth of July Picnic in the Park and the Minuteman Classic Road Race, and it staffs the Concord Carlisle Community Chest Triathlon. In addition to its own programming the Recreation Department works with other sports organizations in Concord to provide and coordinate the use of time and space on the playing fields, including the new turf playing fields behind Concord-Carlisle Regional High School. The Recreation Department works with the Friends of Concord Carlisle Playing Fields with respect to certain field maintenance and operating expense matters for the new turf fields. Recent projects completed by the Recreation Department include the resurfacing of the track at Emerson Field and the installation of new playground equipment there. It is presently working with the Friends of Concord Carlisle Youth Soccer and others on the construction of a new baseball field at the Ripley School site that is expected to be ready for use in the spring of 2011.

The proposed budget for administration and maintenance of the Hunt Gym and 105 Everett Street are included in the Town Manager's budget. Recreation programs are self-supporting and are funded through user fees.



48 **Consent calendar**  
**Article 2**

**Article 5**

*Ratify Personnel Board Classification Actions*

**Affirmative Action Recommended By:**

Finance Committee, Board of Selectmen and Personnel Board

**Motion:** That the Town take affirmative action on Article 5(1)-(4) as printed in the Warrant, based on (5) there having been no other changes voted by the Personnel Board between January 4, 2010 and April 26, 2010.

**Reason:** routine and non-controversial

**Article 13**

*Property Tax Exemption*

**Affirmative Action Recommended By:**

Finance Committee, Board of Selectmen and Board of Assessors

**Motion:** That the Town take affirmative action on Article 13 as printed in the Warrant.

**Reason:** routine (voted last year on consent calendar)

**Article 14**

*Light Plant Payment in Lieu of Taxes*

**Affirmative Action Recommended by:**

Finance Committee, Board of Selectmen and Light Board

**Motion:** That the Town take affirmative action on Article 14 as printed in the Warrant in the amount of \$380,000.

**Reason:** routine (voted last year on consent calendar)

**Article 16**

*Road Repair Revolving Fund Expenditures*

**Affirmative Action Recommended By:**

Finance Committee, Board of Selectmen, and Public Works Commission

**Motion:** That the Town take affirmative action on Article 16 as printed in the Warrant, in an amount not to exceed \$120,000.

**Reason:** routine (revolving fund, voted last year on consent calendar)

**Article 17**

*Solid Waste Disposal Fund Expenditures*

**Affirmative Action Recommended by:**

Finance Committee, Board of Selectmen, and Public Works Commission

**Motion:** That the Town take affirmative action on Article 17 as printed in the Warrant.

**Reason:** Routine (enterprise fund, voted last year on consent calendar)

**Article 18**

*Sewer System Expenditures*

**Affirmative Action Recommended by:**

Finance Committee, Board of Selectmen, and Public Works Commission

**Motion:** That the Town take affirmative action on Article 18 as printed in the Warrant.

**Reason:** Routine (enterprise fund, voted previously on consent calendar)

## Article 19

### *Sewer Improvement Fund Expenditures*

#### **Affirmative Action Recommended by:**

Finance Committee, Board of Selectmen, and Public Works Commission

**Motion:** That the Town take affirmative action on Article 19 as printed in the Warrant.

**Reason:** routine (enterprise fund, voted last year on consent calendar)

## Article 20

### *Water System Expenditures*

#### **Affirmative Action Recommended by:**

Finance Committee, Board of Selectmen, and Public Works Commission

**Motion:** That the Town take affirmative action on Article 20 as printed in the Warrant.

**Reason:** routine (enterprise fund, voted last year on consent calendar)

## Article 30

### *Ambulance Replacement*

#### **Affirmative Action Recommended by:**

Finance Committee and Board of Selectmen

**Motion:** That the Town take affirmative action on Article 30 as printed in the Warrant in the amount of \$200,000 from borrowing.

**Reason:** This Article is non-controversial and Town Meeting voted for similar emergency vehicles on previous consent calendars.

## Article 41

### *Zoning Bylaw Amendment : Nonconforming Uses and Structures*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 41 as printed in the Warrant.

**Reason:** non-controversial.

## Article 42

### *Zoning Bylaw Amendment – Planned Residential Development*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 42 as printed in the Warrant.

**Reason:** non-controversial.

## Article 43

### *Zoning Bylaw Amendment: Groundwater Conservancy District*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 43 as printed in the Warrant.

**Reason:** non-controversial.

## Article 48

### *Zoning Bylaw Amendment: Flood Plain Conservancy District*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 48 as printed in the Warrant.

**Reason:** non-controversial.

## Article 49

### *Zoning Bylaw Amendment: Definition—Ceiling Height*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 49 as printed in the Warrant.

**Reason:** non-controversial.

## Article 50

### *Zoning Bylaw Amendment: Table I—Principal Use Regulations*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 50 as printed in the Warrant.

**Reason:** non-controversial.

## Article 51

### *Zoning Bylaw Amendment – Table II – Accessory Use Regulations*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 51 as printed in the Warrant.

**Reason:** non-controversial.

## Article 54

### *Zoning Bylaw Amendment : Spelling Corrections*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Planning Board

**Motion:** That the Town take affirmative action on Article 54 as printed in the Warrant.

**Reason:** non-controversial.

## Article 66

### *Revisions to Sale of Tobacco to Minors Bylaw*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Board of Health

**Motion:** That the Town take affirmative action on Article 66 as printed in the Warrant.

**Reason:** non-controversial.

## Article 67

### *Revisions to Smoking in Food Establishments Bylaw*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Board of Health

**Motion:** That the Town take affirmative action on Article 67 as printed in the Warrant.

**Reason:** non-controversial.

## Article 69

### *Debt Rescission*

#### **Affirmative Action Recommended By:**

Finance Committee and Board of Selectmen

**Motion:** That the Town take affirmative action on Article 69 as printed in the Warrant.

**Reason:** non-controversial, Town Meeting has voted for similar debt rescission articles on previous consent calendars.

## Article 70

### *Amendments to Historic Districts Commission Special Act*

#### **Affirmative Action Recommended By:**

Board of Selectmen and Historic Districts Commission

**Motion:** That the Town take affirmative action on Article 70 as printed in the Warrant.

**Reason:** non-controversial (voted favorably by 2007 Town Meeting).