



TOWN OF CONCORD
MASSACHUSETTS

**Town Manager's Proposed Budget
FY2017**

For the Fiscal Year
July 1, 2016 - June 30, 2017



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January 22, 2016

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

Town Manager's Budget Goals**1: Preserve the Health and Safety of Residents and Visitors and Protect their Property**

- Police Services (see pages 170-173) & Fire Services (see pages 174-177)
- Enhanced Emergency Medical Services with addition of 2nd Ambulance in West Concord (see page 177)

2: Enhance Residents' Quality of Life

- Human Services Division to assist with the social needs of the community (see pages 230-233)
- Healthy Communities Initiative (see pages 136-139)
- Recreation Programs / Beede Center operations (see Enterprise Budget Book)
- Senior Services Division (see pages 234-237)
- Library Services at Main Library and Fowler Branch (see pages 226-229)
- Veterans Services & Benefits (see pages 244-247)

3: Preserve the Town's Character

- Department of Planning & Land Management services in overseeing planning, zoning, and environmental protection. Beginning new Long Range Plan, and updating the Subdivision Rules & Regulations (see pages 120-139)
- Additional Inspections staffing to keep up with increased development (see pages 132-135)

4: Promote Sustainability of Resources

- Energy Conservation Coordinator as part of the Resource Sustainability Fund (see pages 104-109)
- Use of renewable energy by Concord Municipal Light Plant;
- Green Communities Grant (see pages 104-109)
- Greening Your Heat Program (GYHP) (see page 104-109)
- Individual Building Energy Reports (throughout Section II)

5: Ensure Quality Operational & Financial Management

- Town Manager: Quality & Cost Effectiveness of Town Services (see page 97)
- Finance Department's fiscal management : AAA Bond Rating (see page 147), Free Cash Level (see page 3), Unused Levy Capacity (see page 11), Stabilization Funds (see page 20), Tax Collection Rate (see page 151)
- Town Clerk: Effectively Managing Town Records & Elections (see pages 160-163)
- Human Resources: Managing Town Personnel Issues & Improve Management with new HRIS (see pages 98-101)

6: Maintain the Town's Infrastructure

- Concord Public Works programs for roads, sidewalks, and drainage (see pages 186-223)
- New Facilities Manager for supervision of townwide building maintenance (see pages 102-103)
- Update Information Technology systems to improve Town services (see pages 164-167)



TOWN OF CONCORD

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CHRISTOPHER WHELAN, TOWN MANAGER

January 21, 2016

The Honorable Select Board:

I herewith submit for your review the Town Manager's Proposed General Fund Budget for Fiscal Year 2017 (July 1, 2016 - June 30, 2017) in accordance with the requirements of the Town Charter. With the presentation in this Budget Book, I am pleased to report that this proposed FY17 General Fund Budget is financially sound while funding key priority programs.

Throughout the fall of 2015, the Finance Committee has deliberated on the appropriate funding levels for the Town Government, Concord Public Schools (CPS) and the Concord-Carlisle Regional School District (CCRS). The proposed Town Government budget (Article 7 on the 2016 Annual Town Meeting Warrant), the CPS budget (Article 11), and the CCRSD assessment (Article 12), all comply with the Guidelines adopted by the Finance Committee on November 30, 2015 in the amounts as shown below.

	FY16 Budget	FY17 Proposed (at guideline)	Change from FY16 to FY17	
			Amount	Percent
Town Government ¹	\$21,214,013	\$22,014,013	\$800,000	3.8%
Concord Public Schools	\$34,542,735	\$35,660,111	\$1,117,376	2.2%
Concord-Carlisle RSD	\$16,556,221	\$17,035,005	\$478,784	2.9%
Subtotal	\$72,312,969	\$74,709,129	\$2,396,160	3.3%
All Other Accounts ²	\$24,009,248	\$23,736,536	-\$272,714	- 0.6%
Total Budget Plan	\$96,322,217	\$98,445,665	\$2,123,448	2.2%

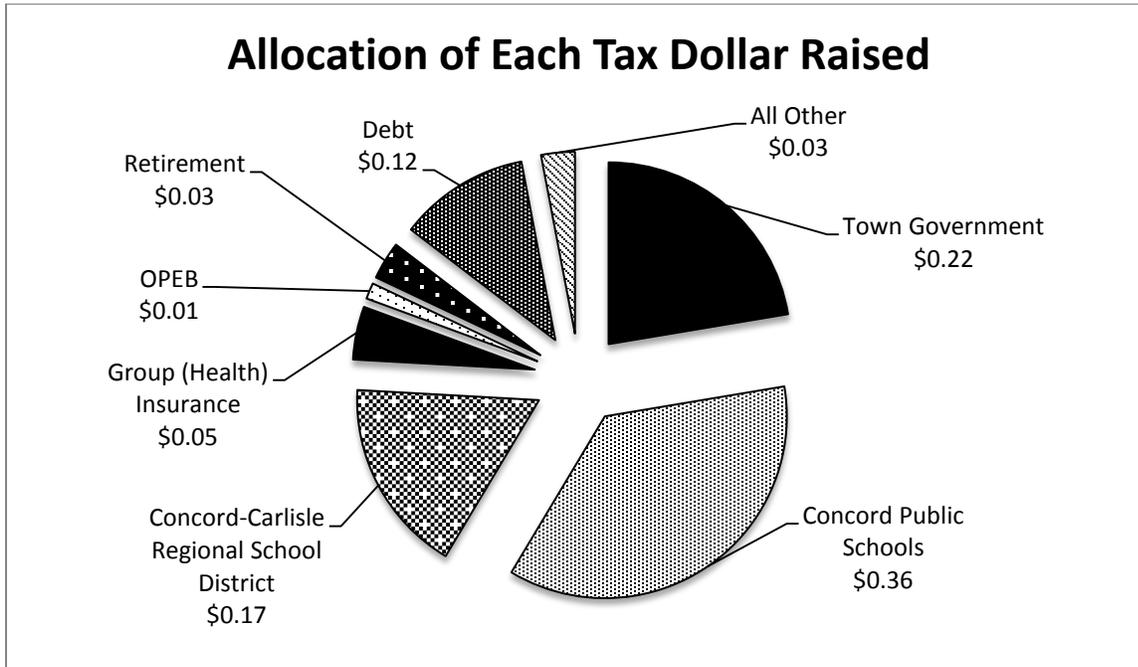
¹ The Town Government Budget has been augmented by \$100,000 in FY16 and \$50,000 in FY17 from the Emergency Response Stabilization Fund to partially fund the four additional firefighters who staff the second ambulance.

² For FY16, an additional appropriation from Free Cash was made to the following purposes: \$600,000 for CPS buses and \$25,000 for White Pond Management. As a result, a one-time expenditure increases the FY16 All Other Accounts line by \$625,000. Without it, the change from FY16 to FY17 would be \$352,286 or 1.4%.

For FY17, All Other Accounts consists of Group Insurance (\$4,650,000), OPEB (\$1,400,000), Retirement (\$3,317,000), Debt Service (\$3,730,000), Town and CCRSD Assessed Excluded Debt Service (\$7,692,536), Accounts not subject to Appropriation (\$1,232,000), Minuteman Career and Technical High School (\$500,000), Social Security / Medicare (\$765,000), Other Fixed & Mandated Accounts (\$450,000).

Total General Fund Budget

The total appropriated budget for Town programs and services, which includes all the operations that are not supported by fee-for-service activities such as those of the Concord Municipal Light Plant, is proposed to be \$98,445,665. For each tax dollar raised to fund the Total General Fund Budget, here is the proposed use:



Revenues

Property taxes account for 86.0% of the revenues needed to fund the Total General Fund Budget. Other sources include State Aid (4.3%), Other Local Revenue (3.7%), Motor Vehicle Excise Tax (2.8%), Transfers from Stabilization Funds (1.1%), Other Transfers (1.9%), and Investment Earnings (0.2%).

The impact of the proposed budget on the property tax bill of existing taxpayers will be on average an increase of 3.0%, though each bill may vary due to the specific property's FY17 assessment. This means that for the median property with a current assessed value of \$798,000 the tax bill will increase by \$333 to \$11,441.

Reserves and Financial Stability

A main financial objective is to make sure that the Town finances are sound and that our Aaa credit rating, the highest possible credit rating from Moody's Investors Service, remains intact. In addition to the budgeting practice of conservatively projecting anticipated revenues, two key criteria demonstrate the Town's continued financial stability: Certified Free Cash and Unused Levy Capacity.

Certified Free Cash -- Each year, the State certifies the level of reserves, also known as Certified Free Cash, which are maintained for cash flow purposes, unexpected events, and

economic downturns. The Town's policy is that Free Cash should be at least 5% of the next year's budget. As of June 30, 2015, the estimated Free Cash was a healthy \$11,057,869 or 11.5% percent of the current year budget. The FY17 budget will maintain this level of Free Cash, while still providing a \$1 million allocation for Town operations to reduce the tax levy.

Unused Levy Capacity --The unused levy capacity, the amount that the projected tax levy is below the allowable Proposition 2 ½ levy limit, is projected to be \$3,208,579 in FY17. This means that the Town has some flexibility in future budgets since we are not at the upper ceiling of the levy limit as determined by an increase of 2 ½ from the previous levy limit plus an allowance for new growth. It should be noted that this proposed budget does not change the level of the unused levy capacity.

Debt

With the construction of three new elementary schools and a new regional high school within the past twelve years, the amount of debt that the Town has taken on has grown. The proposed FY17 debt service cost is as follows: \$3,730,000 for routine, within the levy limit, Town and CPS projects such as road repairs and building renovations; \$4,007,828 for Town and CPS excluded debt projects mostly for new elementary schools, and \$3,684,708 for the CCRSD excluded debt assessment for the new high school.

Fortunately, there are some mitigating factors that help to alleviate some of the debt burden. The Massachusetts School Building Authority (MSBA) has certified that the Thoreau School and the Concord-Carlisle High School qualify for State funds and an annual payment of \$409,878 in FY17 is being applied to decrease the Thoreau debt service, and the State is paying 35.6% of the eligible cost of the high school construction. For FY17, an amount of \$1 million is being proposed from the Town's High School Debt Stabilization Fund to reduce the tax impact of Concord's assessed share of the CCRSD debt service. In addition, in FY16, the Town took advantage of favorable interest rates to refinance some of our debt for an annual savings in decreased debt service of \$109,113 with a total savings of \$1,091,130 over 10 years.

Retirement

From anecdotal stories in the media, municipal retirement systems throughout the country seem to be in trouble. In Concord, this isn't the case. Our policy of funding the employer contribution of \$3,317,000 in FY17, an increase of 3% from the previous year, has placed the Town's retirement system in relatively good shape. As measured by new reporting requirements implemented for June 30, 2015, the Town's Net Pension Liability is estimated to be \$18.1 million and its funded ratio is reported in the Town's audited Financial Statements as 88%, a ratio that is ranked among the top 10 public retirement systems in the State.

Health Insurance

For the past few decades, health care cost and associated health care premiums have risen at a pace greater than inflation. This increase has placed some stress on Town finances as the Town needs to allocate resources to pay for the employer's portion of health care premiums for current employees and current retirees (budgeted under title of Group Insurance) and fund the employer's portion of the future health care liability incurred by past and current

employees and retirees (budgeted under the title of OPEB). Several factors have helped keep these increasing costs manageable. The Town is a member of Minuteman Nashoba Health Group, which is a joint purchasing consortium of 17 area towns that pools risks and self-funds health plans to keep costs down. As compared to other Massachusetts municipalities, the percent of Concord's employer contribution for health care premiums is on the lower side: approximately 55% for active employees and 50% for retirees. In addition, a 2011 State health care reform law enabled the Town to negotiate plan design changes with the stipulation that 25% of the first-year savings were placed in a fund to mitigate subscriber out-of-pocket cost. Nevertheless, the FY17 allocation from the Town for both Group Health and OPEB is projected to be \$6,050,000, more than 6% of the proposed General Fund budget.

General Government Priorities

Last year, I established six budget goals as priorities for the allocation of resources for Town Government programs and services. Since the Concord Public School and the Concord-Carlisle Regional School Committees and the School Superintendent are responsible for their budgets, the remaining portion of this Transmittal Letter focuses on Town Government priorities.

1. Preserve the Health and Safety of Residents and Visitors and Protect their Property

A top priority of the Town is to preserve the health and safety of everyone who lives in or visits the Town. This means adequately funding the Police and Fire Departments. In the FY17 Police budget, I am requesting \$140,000 to replace 4 patrol vehicles and an addition \$25,000 for needed overtime for officers and dispatchers. For the Fire budget, I have prioritized \$150,000 for the refurbishment of Engine 3 and \$50,000 for partially offsetting the additional cost of the four firefighters hired in July 2014 to run the second ambulance out of the West Concord Station from 8AM to 8PM. With an upgrade to the dispatch system, I am proposing to allocate \$30,000 for the maintenance and support of this operating software.

2. Enhance Residents' Quality of Life

There are a variety of ways that the Town enhances residents' quality of life through its social services. In the FY17 budget, I am proposing that the Town take on a greater share of the Community Services Coordinator's salary (+ \$10,000), which has been mainly supported by the generous gift from the Community Chest, increase wages and salaries of the Senior Services Outreach Coordinators (+ \$7,500), increase the General Fund share of the Recreation Director's salary (+ \$25,000), and provide benefits to the increasing number of eligible Veterans (+ \$10,000).

3. Preserve the Town's Character

Concord's unique historic character is of priceless value to residents and visitors. An amount of \$40,000 is included in the budget to fully fund a Comprehensive Long Range Plan to set out a planning vision for the next 10 years and \$65,000 to fully fund the Zoning Bylaw Recodification to make sure that our zoning bylaws are consistent with this vision. With the

number of building permits at record levels, I am proposing \$19,000 for additional hours for Assistant Building Inspectors. Also in the FY17 budget is \$20,000 for White Pond Management.

4. Promote the Sustainability of Resources

The Town Government has several initiatives for moving Concord in the direction of being more energy efficient. The staff member in charge of these efforts is the Energy Conservation Coordinator, whose salary is currently being paid out of the Light Plant budget. In the FY17 budget, I am requesting \$43,000 to fund half of this salary from the General Fund so that allocation of time for efficiency initiatives can be directed to all Town departments.

5. Ensure Quality Operational and Financial Management

The Town Government runs well because of our employees. In order to maintain this highly-qualified workforce, I am proposing \$560,000 for the Salary Reserve Fund to be used for structure and merit/step increases for non-union personnel and personnel associated with our police, dispatch, fire, and library unions. In anticipation of the additional elections expected in FY17, I have set aside an additional \$17,000. An allocation of \$7,000 is proposed for the Treasury Division to cover increased banking and legal fees and \$8,000 for the Accounting Division to be used for increased audit fees as a result of new accounting regulations related to pension liability reporting.

6. Maintain the Town's Infrastructure

Infrastructure is no longer just roads and buildings; it is also information technology systems. For the physical infrastructure, I am proposing \$1.35 million in borrowing for Town road and parking lot reconstruction and \$150,000 for Sleepy Hollow Cemetery road improvement. The Facilities Maintenance Fund is proposed to be \$235,000, up by \$15,000. In order to maintain our vital IT systems, I am requesting that the Information Technology Fund be increased by \$12,000 to \$200,000 to pay for computers, servers and networks. Additional money is being allocated to fund a Geographic Information Systems Position (\$31,000) and an increase in payroll and accounting software licenses (\$14,000) for planned enhancements.

Conclusion

The FY17 General Fund Budget continues Concord's proud tradition of being financially sound while providing funds for important programs and services. I would like to thank all of the Department Heads and their staff members who worked with us throughout this budget process. In addition, I would like to recognize the efforts of Finance Director Anthony T. Logalbo, Budget and Purchasing Administrator Jon Harris, and Senior Budget and Operations Analyst Sean O'Brien, who are principally responsible for this coherent and comprehensive document.

Sincerely,



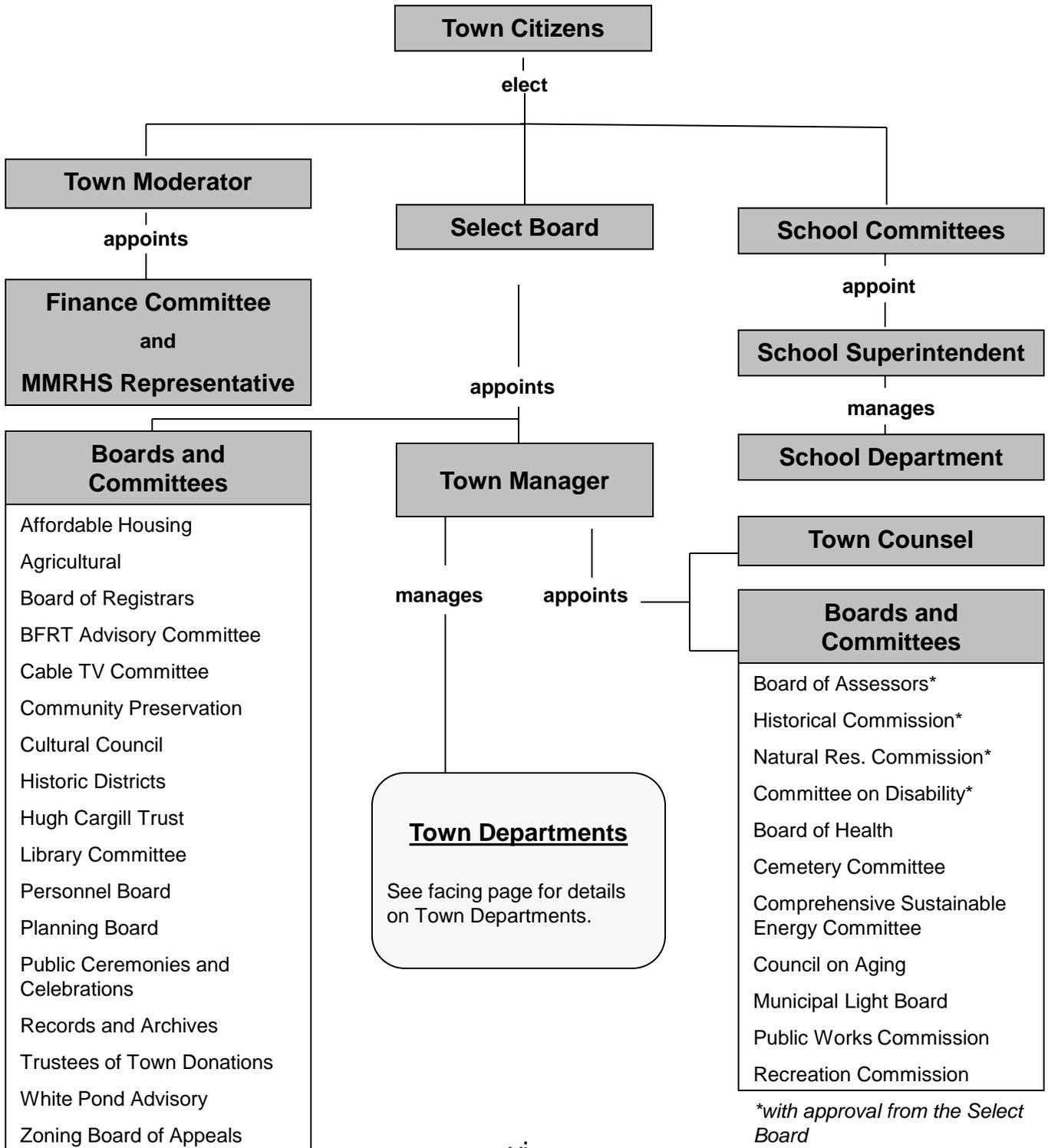
Christopher Whelan
Town Manager

Town Government Mission Statement:

The mission of Concord's Town Government is to enhance the quality of life of Concord residents by providing efficient, effective, and innovative services, protecting the Town's character, and being a responsible steward of Town resources.

The chart below outlines how Concord citizens, either through elections or by sitting on boards and committees, influence the operations of their government.

On the facing page, the chart shows how Town Government is structured to carry out the wishes of its citizens.



**with approval from the Select Board*

The Town Manager oversees Town Departments, including the enterprise, revolving, and special revenue funds. These other funds include the Concord Municipal Light Plant, the Water Division, the Sewer Division, the Beede Swim & Fitness Center, Solid Waste Disposal, and the Recreation Fund.

More detail on the above departments is available in the Enterprise Budget Book, which will be printed in the spring of 2016.

Town of Concord, Massachusetts

Organization Chart

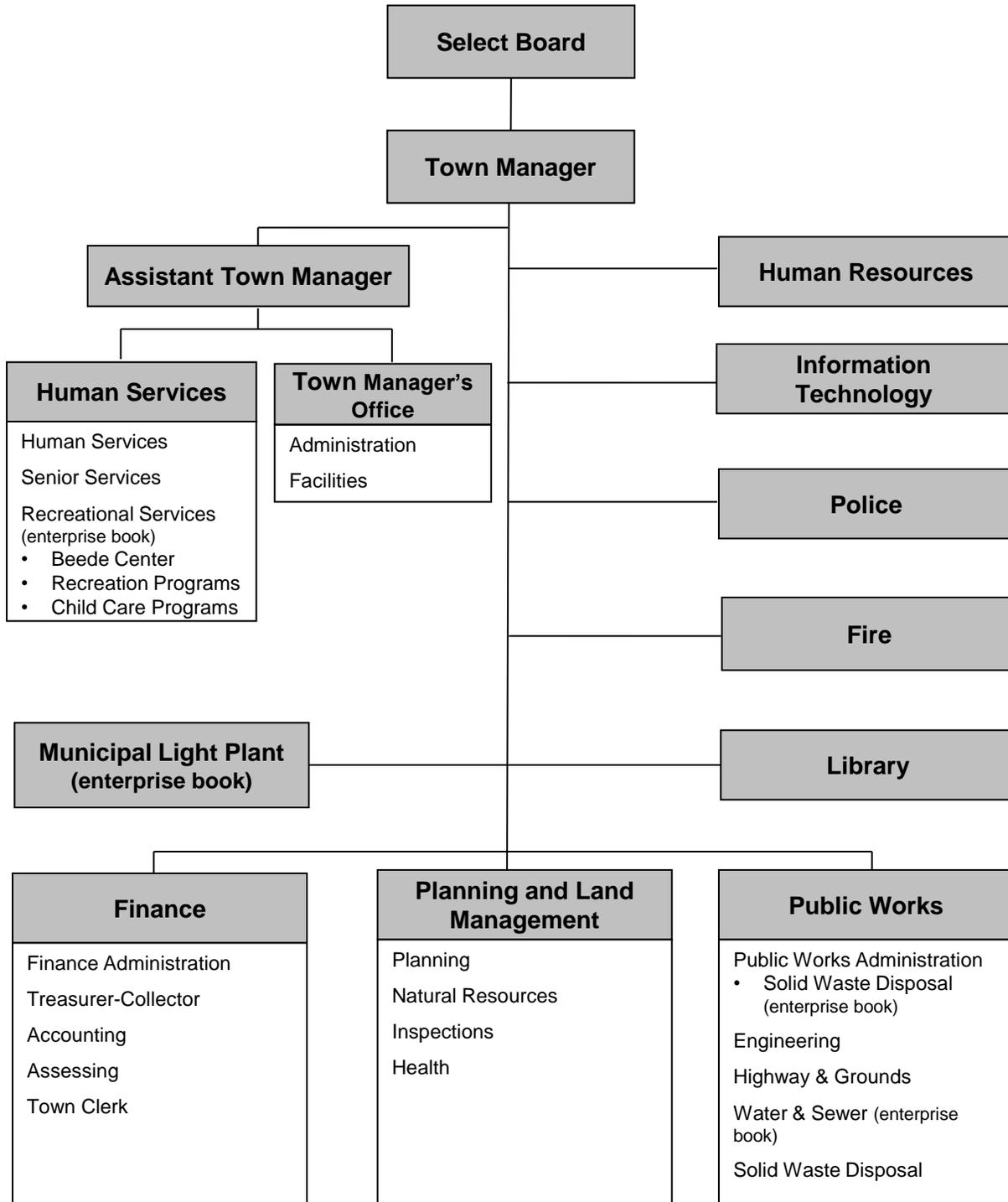


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