



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

**Concord Finance Committee Agenda**

**January 26, 2023 at 7:00PM**

**Hybrid Meeting:  
Select Board Room, 22 Monument Square, and  
via Zoom:**

<https://us02web.zoom.us/j/84777859743?pwd=MEZUYi9FRUQ0QnV1VTdOb3pBU0tsUT09>

Meeting ID: 847 7785 9743

Passcode: 123041

1. Call to Order
2. Special Town Meeting follow up (if any)
  - a. Middle School:
    - i. Use of Stabilization Fund
    - ii. Information on Debt Plan
    - iii. CPC Funding for Fields
  - b. Other Articles
3. Annual Town Meeting Warrant review
4. Guideline budget updates (Parashar)
5. Capital Planning update (Peggy)
6. Storm Water Fund (Bob)
7. ARPA Plan
8. Free Cash projection (Gail)
9. Personnel Classification & Compensation Study update
10. **Approve Meeting Minutes:** 2022 - October 27<sup>th</sup>; November 10<sup>th</sup>; November 21<sup>st</sup>; 2023 - January 19<sup>th</sup>;  
*other Minutes as may be available*
11. Facilities Usage Policies
12. Other Topics
13. Adjournment

**Reminders:**

- **Next Meeting:**  
February 23 (Thursday) – regular meeting
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Chair Peggy Briggs by email at [peg.briggs@gmail.com](mailto:peg.briggs@gmail.com)***

Supporting materials for agenda items are available online at [www.concordma.gov/fcmtgdocs](http://www.concordma.gov/fcmtgdocs) . Materials are generally uploaded on the Tuesday prior to the Regular Meeting. If any member has materials they would like to present for discussion, please inform the chair in advance of the meeting.

TOWN OF CONCORD  
TOWN HOUSE  
CONCORD, MA 01742

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CONCORD, MA 01742

# TOWN OF CONCORD FINANCE COMMITTEE REPORT

Special Town Meeting  
Thursday, January 19, 2023\*  
7:00 PM  
Concord Carlisle Regional High School  
500 Walden Street, Concord, MA 01742

*\*Inclement Weather Date: January 20, 2023 at 7PM  
Concord Carlisle Regional High School*

**MOTION TO ADVANCE FOR CONSIDERATION AND TAKE ACTION ON  
CERTAIN ARTICLES WITHOUT DEBATE  
(2023 SPECIAL TOWN MEETING CONSENT CALENDAR)**

Ms. Briggs moves: that the 2023 Special Town Meeting advance for consideration the Articles in the table below and take action on such Articles without debate on any of such Articles, provided that upon the request of ten (10) voters at this Meeting made before the vote is taken on this motion, an Article, or, in the Moderator's discretion, a portion thereof, shall be dropped from the Consent Calendar and shall be acted upon in the ordinary course of business at this Special Town Meeting.

<b>Article 1</b>	<p><b>FOSSIL FUEL INFRASTRUCTURE: CONFIRM AUTHORIZATION TO APPLY FOR PARTICIPATION IN FOSSIL FUEL-FREE DEMONSTRATION PROJECT</b></p> <p><b>Affirmative Action Recommended By:</b> Select Board  <b>Motion:</b> That the Town take affirmative action on Article 1 as printed in the Warrant.  <b>Reason:</b> Confirmation of Select Board authorization to further affirmative vote under Article 31 of 2021 Annual Town Meeting by participating in legislative program authorizing certain towns to adopt a bylaw limiting expansion of fossil fuel infrastructure and amending bylaw that was approved under the same Article 31 to conform to legislative program; non-controversial at hearing.</p>
<b>Article 4</b>	<p><b>COMMUNITY PRESERVATION ACT COMMUNITY HOUSING RESERVE FUND</b></p> <p><b>Affirmative Action Recommended by:</b> Select Board; Finance Committee  <b>Motion:</b> That the Town take affirmative action on Article 4 as printed in the Warrant.  <b>Reason:</b> Routine action to rescind prior Community Preservation Fund appropriations for Community Housing unused due to project cancellation and to appropriate those funds to the Community Housing Reserve Fund to be held for future town meeting appropriation for Community Housing projects; non-controversial at hearing.</p>

**Select Board Recommendations on Special Town Meeting Articles**

<b>Article #</b>	<b>Title</b>	<b>Select Board Recommendation</b>
1	Fossil Fuel Infrastructure: Confirm Authorization To Apply For Participation In Fossil Fuel-Free Demonstration Project	affirmative action (unanimous)
2	Reauthorize Special Legislation Petition – Real Estate Transfer Fee for Affordable Housing	affirmative action (unanimous)
3	Reauthorize Special Legislation Petition – Building Permit Fee Surcharge for Affordable Housing	affirmative action (unanimous)
4	Community Preservation Act Community Housing Reserve Fund	affirmative action (unanimous)
5	Concord Middle School Building Project	affirmative action (4-1 vote)

## **INTRODUCTION**

This report has been prepared and is being distributed by the Town Finance Committee in fulfillment of its obligation to review and make recommendations with respect to all finance-related warrant articles. Two of the five warrant articles being considered at the Special Town Meeting (STM) to be held on January 19, 2023 (Article 4 and Article 5) are finance-related.

The Finance Committee recommendations below were arrived at by vote of the Committee after receiving regular updates on the matters covered in each article, monitoring the meetings and presentations in various forums made by the Community Preservation Committee (CPC) and the Concord Middle School Building Committee (CMSBC), and conducting a public hearing on the proposed warrant articles to get input from the public in advance of the Special Town Meeting.

## **RECOMMENDATIONS**

For the reasons, and in the larger context, set forth below, the Finance Committee recommends affirmative action on both Article 4 (unanimously) and Article 5 (by a vote of 11 in favor, 3 opposed and 1 abstention).

The Select Board, at a meeting held on December 5, 2022, also voted to recommend affirmative action on both Article 4 (unanimously) and Article 5 (by a vote of 4 in favor and 1 opposed).

## **ARTICLE 4**

### **1. Background.**

Article 4 is sponsored by the Community Preservation Committee (CPC). Over several years, beginning in 2015, funds were appropriated by Town Meeting for the Junction Village Assisted Living Project in West Concord. Between 2015 and 2019, a total of \$1,045,000 was appropriated of which only \$744.24 has been spent. The remaining total of \$1,044,255.76, as outlined in the Special Town Meeting Warrant, has been held in abeyance pending construction. The project will not be proceeding, and the Select Board has terminated the construction agreement. These previously allocated funds cannot be used for other projects absent a vote of Town Meeting. This Article seeks Town Meeting authorization to reallocate those funds from this now defunct project to other uses.

### **2. Impact of approval or disapproval.**

With community approval at this Special Town Meeting, the CPC will recapture the unused (\$1,044,255.76) funds and return those funds specifically to its Community Housing Reserve Fund. The funds can then be used in connection with other, future affordable housing projects. Those new projects will be subject to the CPC approval process used for allocating CPC funds, and those CPC allocations will be submitted for approval by vote at future Town

Meetings. Disapproval leaves the funds associated with this defunct project and unusable for other purposes.

3. Reasons for Finance Committee recommendation of affirmative action.

The Town's citizens have repeatedly demonstrated their support for increasing the amount of affordable housing in Concord. The money at issue had already been designated for that purpose. Reallocating the \$1,044,255.76 to the Community Housing Reserve Fund within the CPC provides the CPC and future Town Meetings the ability to use those funds to support future projects that conform with the current CPC and Town Meeting approval processes.

**ARTICLE 5**

1. Background.

Article 5 is sponsored by the Concord Middle School Building Committee (CMSBC). It seeks to increase the \$102,816,000 amount previously appropriated for the construction of the new Middle School (discussed below) to \$110,016,000. This increase of \$7,200,000 will be funded, as was the original amount, through borrowing that is outside the levy limit. If Article 5 is approved at the STM, it will also have to be approved by a ballot vote.

Town Meeting in 2019 appropriated \$1,500,000 for a feasibility study and follow-on development of a schematic design for a new Middle School to replace the Sanborn building (built in 1964) and the Peabody building (built in 1970). The feasibility study recommended total replacement of the buildings with a single school. A schematic design process was completed for the combined building. At the Special Town Meeting held on January 22, 2022 (2022 STM), the CMSBC sought full funding to construct the building envisioned by that work including an expanded gymnasium and auditorium that are not in the Concord Middle School Educational Program as approved in January of 2021 (hereafter "education plan"). The 2022 STM approved a bond authorization for \$102,816,000 based on a project budget that estimated construction cost of \$80,772,447.

The debt authorization was for "excluded debt" meaning that the borrowing would be financed outside the limits set by Mass General Laws Ch 59 Section 21C, otherwise known as Proposition 2 ½, which limits annual tax levy increases generally to 2.5% unless action is taken to override this limit. That required approval by a 2/3rds majority at Town Meeting, and a simple majority at a subsequent ballot vote. Both of those requirements were satisfied, and the borrowing was approved.

Concord has, in the past, used excluded debt for large municipal construction projects such as school buildings. The underlying excluded debt associated with prior large construction projects is being retired, but that process will take many more years. The debt associated with the elementary schools will be paid off in fiscal year 2030; the debt associated with the

construction of the high school will be paid off in fiscal year 2039. An initial \$12,000,000 has already been borrowed under the authorization for the Middle School construction, leaving \$90,816,000 of the authorized debt still to be borrowed.

Therefore, the new debt associated with the Middle School Project will be incurred while the Town is still paying off debt associated with other school building projects. Because excluded debt is financed through increases in real property taxes, this has an obvious impact on taxpayers.

After approval of the \$102,816,000 bond authorization, the CMSBC continued its work. In June 2022, CMSBC received updated project construction cost estimates based on more detailed and specific design drawings and specifications. Construction costs according to the June 2022 estimate were \$86.1 million, exceeding the January 2022 construction cost estimate by approximately \$5.3 million, because of significant inflation in material and labor prices.

From June through September 2022, CMSBC agreed to design changes resulting in cost reductions of approximately \$1.9 million; a process known as “value engineering.” CMSBC limited its value engineering options to those design elements that would not impact the Middle School education plan. The education plan defines proposed education activities and informs the school design. The value engineering process had an impact on interior and exterior material choices. In addition, certain items that were not part of the education plan were excluded from the value engineering process, including the enlarged gym and auditorium spaces that were part of schematic design. The costs associated with the gym and auditorium were estimated to be about \$1.2 million for the expanded gym and about \$1.8 million for the auditorium.

In October 2022, CMSBC received updated construction cost estimates based on the next iteration of construction drawings which included the earlier design changes (known as the “60% complete design drawings”). At this point construction costs were estimated to be \$86,455,680, exceeding the January 2022 cost estimates by approximately \$5.7 million, due to further inflation in material and labor prices. During November 2022, the CMSBC agreed to additional design changes resulting in cost reductions of approximately \$111,000. Currently, the project cost, including all agreed upon value engineering adjustments, is estimated to be \$108.7 million including construction costs of \$86.3 million, which exceeds the January 2022 cost estimates by approximately \$5.6 million.

In January 2023, CMSBC is expecting an updated construction cost estimate based on the next iteration of construction drawings (“90% complete design drawings”). These drawings will serve as the basis for the project bid requests that would be sent to vendors following Town Meeting and voter authorization, likely in February 2023. Bids are expected to be received in April 2023.

The warrant article requests an increase of \$7,200,000 to the original bond authorization, allowing for further cost increases through bidding (\$1.6 million above the current estimated average of \$5.6 million).

## 2. Impact of Middle School borrowing on property taxes.

### a. *Background*

The approval of Article 5 will permit the CMSBC to seek construction bids based on the current design of the school after the estimated cost increases and with the value engineering adjustments that have already been made. It is important to note that the Town is prohibited by law from requesting bids on a project where the expected costs exceed the approved debt authorization. Therefore, additional debt authorization is required before bids can be sought for the higher amounts in the current estimates.

To assist voters in their consideration of this warrant article, this report includes an analysis of the potential impact of approval of the warrant article on property taxes and a discussion of how the debt could be financed.

Concord is financially healthy because of our budgeting practices and adherence to stated fiscal policies. Moody's rates the Town credit worthiness as Aaa, the highest rating for municipal debt. Concord is currently, in fiscal year 2023, carrying \$43.1 million in tax supported debt, divided between excluded bond issues (\$23.5 million) and bond issues (\$18.6 million) funded within the limits of Proposition 2 ½. In addition, Concord is responsible for its share of the excluded debt held by the Concord Carlisle Regional School District (\$30.8 million Concord debt share) and Minuteman Regional Vocational School (\$8.1 million Concord share). For the purposes of this analysis, we will focus on the portion of this aggregate debt which has been excluded from Proposition 2 ½.

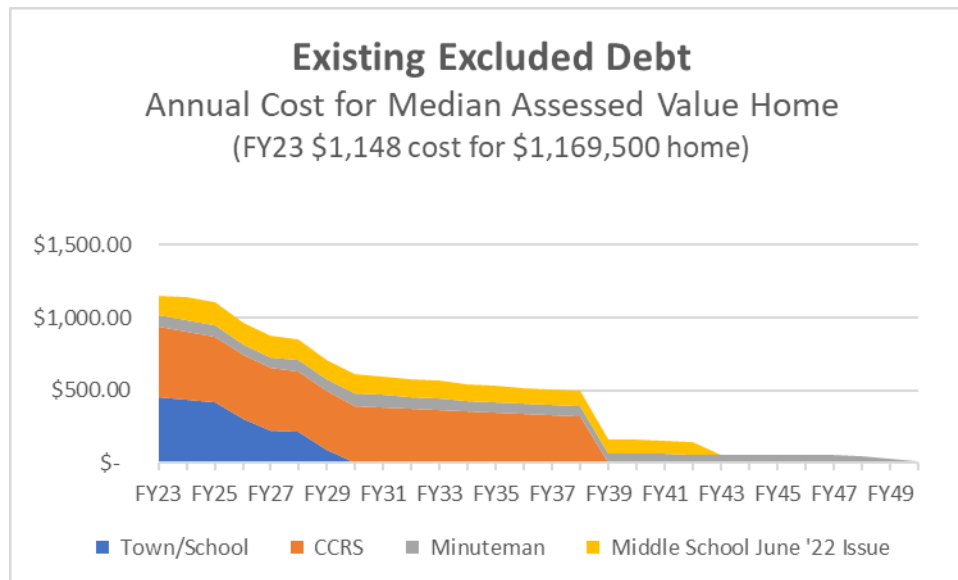
The impact of excluded debt on property taxes occurs because of four factors and is similar to the impact of a home mortgage on household expenses. The first factor is the actual cost of designing and constructing the building. In the case of the Middle School, these costs have increased because of price inflation as discussed above. The second factor is the interest rate. The interest rates that will have to be paid for the bonds to be issued to finance the Middle School have increased substantially since the beginning of 2022. The third factor is the time-period over which the debt will be repaid. Whether the bonds are issued for 20, 25 or 30 year terms will have an impact on the amount of the payments in the way that the monthly payments associated with a 15, 20 or 30 year mortgage will vary even though the amount being borrowed is the same. The fourth factor is whether the periodic payments are "level debt" or "level principal" (discussed below).

The same inflationary pressures and interest rate changes that have caused an increase in the anticipated cost of the Middle School construction are having a significant impact on the expected costs of borrowing. When the bond authorization for \$102,816,000 was presented to the taxpayers for consideration at the Special Town Meeting in January of 2022, due to a then-

favorable debt market and on advice of the Town’s financial advisors, interest rates of 2.75%-3.75% were anticipated on the Middle School borrowing. That interest rate assumption was used in projecting the expected increase in property taxes. It was also expected that the borrowing would be done for a 25-year term using a “level debt” approach. For past Concord Public Schools building projects, Concord had issued 20-year bonds, with “level principal” payments, meaning that the amount of the payment declines over time because as the principal decreases the interest owed decreases as well. Given the significant property tax impact of the new debt, a “level debt” approach was considered for this new debt, a strategy similar to a home mortgage. This means that the amount of the payments would be lower, particularly in the early years, and relatively consistent from year-to-year. But the underlying principal would be paid back more slowly since more of each payment would be allocated to the payment of interest. Using those assumptions, it was estimated that the likely increase in annual property taxes on the median value property in Town (then \$971,200) would be \$902 for 25 years. Given the dramatic recent changes in the debt market, the impact on real estate taxes will be larger than previously projected.

*b. Current Town debt obligations*

Turning to the current situation, the aggregate annual debt service on the excluded obligations is currently \$7.55 million (FY23). That equates to \$1,148 annually in property taxes on the median value property in Town, valued (after the recently completely revaluation) at \$1,169,500. All the bonds issued for the past school construction projects were structured with level principal payments throughout the life of the bond, which, as the bonds are retired, leads to declining interest payments as the outstanding principal is reduced. Below is a graphic showing the future, gradual decline (and retirement) of our current excluded debt, **not** including any debt which may be incurred in connection with the Middle School project except for the \$12M in debt already issued in June 2022 on the basis of the prior debt authorization.



The recent, dramatic interest rate increases do not increase the cost of previously issued debt. But projections of the impact on taxes of future borrowing, including future borrowing under the already approved bond authorization, must take that into account.

*c. Projections of the future impact of the Middle School debt*

Borrowing related to the Middle School will increase real estate taxes, but quantifying that increase requires making certain assumptions about not just interest rates but other terms and conditions that will be associated with the borrowing. One of the tools being considered is to finance the debt over 30 years rather than 20 (as for past projects) or 25 (as had been expected for this project). Using a 30-year term decreases the annual payments and therefore the impact on property taxes and allocates more of the burden of paying for the school to future residents of the Town. It also increases the overall cost of the project because the total amount of interest paid will be greater and may have an impact in the future on the Town’s ability or willingness to incur debt to finance other large building projects. The chart below shows the differences between the projected impact on annual real property taxes for the median property (using the current median assessed value of \$1,169,500) of the different approaches and shows the incremental impact of the additional \$7,200,000 being requested by CMSBC in Article 5.

**Financing Options for Future MS Debt**  
*(annual costs for median homes)*

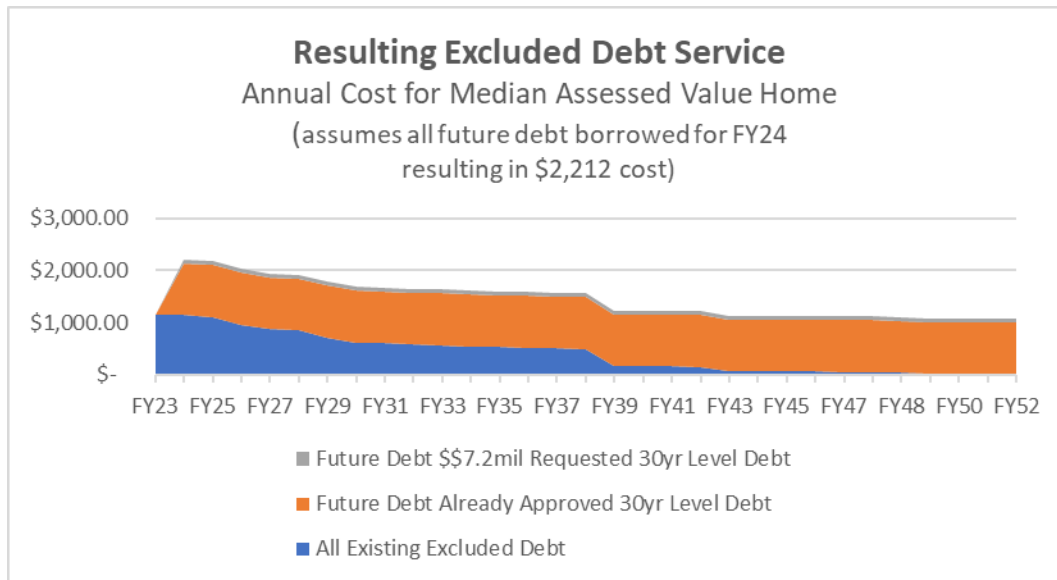
Term of borrowing:	<b>25yrs</b>	<b>25yrs</b>	<b>30yrs</b>
Interest rate:	<b>5.10%</b>	<b>5.25%</b>	<b>5.25%</b>
Financing approach:	<b>Level</b>	<b>Level</b>	<b>Level</b>
	<b>Principal</b>	<b>Debt</b>	<b>Debt</b>

Authorized	yr 1	\$1,257	\$1,004	\$924
\$90.816 mil not yet issued	yr 2	\$1,229	\$1,004	\$924
	yr3	\$1,200	\$1,004	\$924
	yr25	\$580	\$1,004	\$924
	yr30			\$924

Requested	yr 1	\$100	\$80	\$73
\$7.2 mil additional	yr 2	\$98	\$80	\$73
	yr3	\$95	\$80	\$73
	yr25	\$46	\$80	\$73
	yr30			\$73

The chart below shows the projected impact on excluded debt service if the Town were to issue all the approved debt in fiscal year 24 using the 30-year level debt approach shown in

the last column above, and breaks out the debt service associated with the additional \$7,200,000 requested in Article 5:



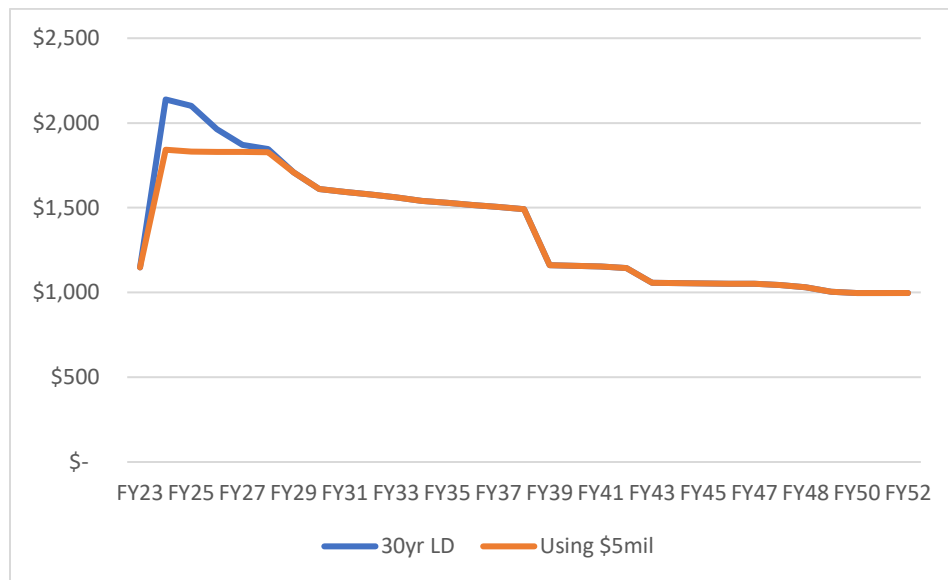
The cost of financing the Middle School will be higher than was projected in January 2022 and will have a greater impact on annual property taxes than was estimated at that time. If Article 5 is approved the overall cost for the Middle School will be higher than anticipated in January 2022. As discussed above, the largest portion of the increased impact on property taxes is attributable to the increased costs of borrowing and will occur whether Article 5 is approved or disapproved.

*d. Mitigating the impact on property taxes*

By law, the Town Treasurer has the authority to determine the terms (meaning the interest rate, duration, and other specifics) of town-issued debt. Those decisions are made in consultation with Town-retained experts and are subject to approval by the Select Board. The terms will depend on market conditions at the time the bonds are issued and may vary from the assumptions used above. Some of those future decisions may mitigate the anticipated impact. For example, the Town may decide to stagger the borrowing by breaking it into smaller bond offerings, which will spread out the costs in the initial years and may have the effect of lowering the costs if it appears that interest rates are likely to decline over the course of the building project.

One mitigation strategy that has already begun to be implemented is the establishment of a stabilization fund, setting aside funds in advance to soften the impacts of tax increases when the project is underway. The Town began a program at 2020 Town Meeting of directing budget surplus (taxes collected but not expended) into a stabilization fund established for this purpose. \$2 million was allocated then, and an additional \$1.5 million was added at subsequent Town Meetings from budget surpluses and by means of a transfer from the Board of Assessors overlay account. The intent is to have a sufficiently large amount set aside to have

an appreciable impact on tax increases. The initial goal was to have the stabilization fund be \$5 million by the time large drawdowns are being made on the borrowing authority, although the actual amount and timing for funding of the stabilization fund may differ based on the circumstances at the time. Without the stabilization fund, the costs to the taxpayer would be particularly high during fiscal years 24 through 28, because debt payments for the new Middle School will have to begin before debt associated with other school building projects has been fully retired. By allocating funds from the stabilization fund during those early years, the impact can be flattened. For example, by allocating \$1.95 million in fiscal year 24, \$1.775 million in fiscal year 25, \$875,000 in fiscal year 26, \$275,000 in fiscal year 27, and \$125,000 in fiscal year 28, the annual property tax increases on a median value property can be reduced from more than \$2100 per year to about \$1800. The projected impact of this use of the stabilization fund is shown in the chart below.



*e. Implications of not approving Article 5*

If Article 5 is not passed, there are several implications. The borrowing and project cost would remain as voted in January 2022; that is, \$102,816,000. As already noted, the interest cost associated with the approved borrowing will increase from previous projections, regardless of Article 5’s approval. The CMBSC has stated that a “No” vote would result in a six-to-nine-month redesign delay to meet the existing debt authorization. CMSBC has estimated that such a delay would result in further price escalation. CMSBC believes the combination of redesign costs and further price escalation would require design adjustments valued at \$11.4 million versus the currently estimated overage of \$5.6 million. CMSBC has not presented a building design option which would meet the previously approved authorization.

The January 2022 warrant article voted at Special Town meeting specified an amount but did not specify a design. Earlier the town voted for a “net zero ready” design when

approving funds for the Middle School feasibility study but other aspects of the design could be revisited to stay within the bond authorization. CMSBC has indicated that the expanded gym and auditorium included in the 2022 schematic design would likely be affected by any redesign.

### 3. Reasons for Finance Committee Recommendation.

The Finance Committee has been monitoring the work being done by the CMSBC. Designated Finance Committee members have attended CMSBC meetings and reported back to the full committee. The School Superintendent and the CMSBC co-chairs have made several presentations to the Finance Committee, and the Finance Committee held a public hearing to discuss both the articles on the warrant for this Special Town Meeting on November 17, 2022.

After the November 17 public hearing, a robust discussion took place about Article 5 and a committee vote was taken on whether to recommend affirmative action. The Committee voted overwhelmingly, but not unanimously, to recommend affirmative action on Article 5. Even some members voting for affirmative action expressed concern about the risks associated with the project as currently proposed and the lack of options presented. The Committee considered the fact that the amounts being sought are based on a 60% estimate; to maintain the current schedule, the amount in the warrant had to be set before the 90% estimate could be received. Risks associated with the actual bidding process, since by law the bids can't be sent out before there is a debt authorization that is at least equal to the anticipated cost, were discussed, as were concerns about the ability to control costs going forward. Some members also expressed concerns that the value engineering process had excluded many aspects of the building (including the expanded auditorium and gymnasium) from consideration.

The Committee recognized that if Article 5 is approved and the 90% cost estimate and/or bids are higher than anticipated, the Town will be faced with two choices: authorize additional borrowing or build a school within the \$110 million authorization, which will likely require re-design, cost increases, and a delay to the project.

These concerns were weighed against other important factors. The Committee acknowledged that the addition of \$7,200,000 to the bond authorization was not a major driver of the overall increased cost to taxpayers. The cost of borrowing at a higher interest rate has a larger impact and would occur even if the debt authorization is not increased. And significant weight was given to the CMSBC's warning that disapproval of Article 5, which would require it to build the school within the original authorization, would result in a significant re-design, considerable cost increases, and a delay of six to nine months in the project.

Taking all these factors into consideration, and after thoughtful and detailed discussion, the Finance Committee recommends affirmative action on Article 5, adding \$7,200,000 to the existing bond authorization for the Middle School project, bringing the total authorization to \$110,016,000.

## **SPECIAL TOWN MEETING & SPECIAL ELECTION VOTER REGISTRATION INFORMATION**

To be eligible to participate, unregistered residents must register to vote by the following deadlines:

**FOR SPECIAL TOWN MEETING – JANUARY 9, 2023**  
**FOR SPECIAL TOWN ELECTION – FEBRUARY 6, 2023**

Residents who are currently not registered to vote in Concord must be registered prior to the above deadlines in order to participate and vote at Town Meeting or at the Town Election. Voter registration may be done online: <https://www.sec.state.ma.us/ovr/>, by mail, or in person. For mail-in registration forms, contact the Town Clerk's office at (978) 318-3080 or e-mail [townclerk@concordma.gov](mailto:townclerk@concordma.gov). For registration in person, the Town Clerk's office at the Town House, 22 Monument Square is open Monday – Thursday 8:30 AM - 4:30 PM, Fridays 8:30 AM – 12:30 PM, and by appointment.



# ARTICLE 5: Concord Middle School Building Project

## Financial Aspects & Impact on Median Household

Special Town Meeting  
January 19, 2023



# Middle School Financial Overview

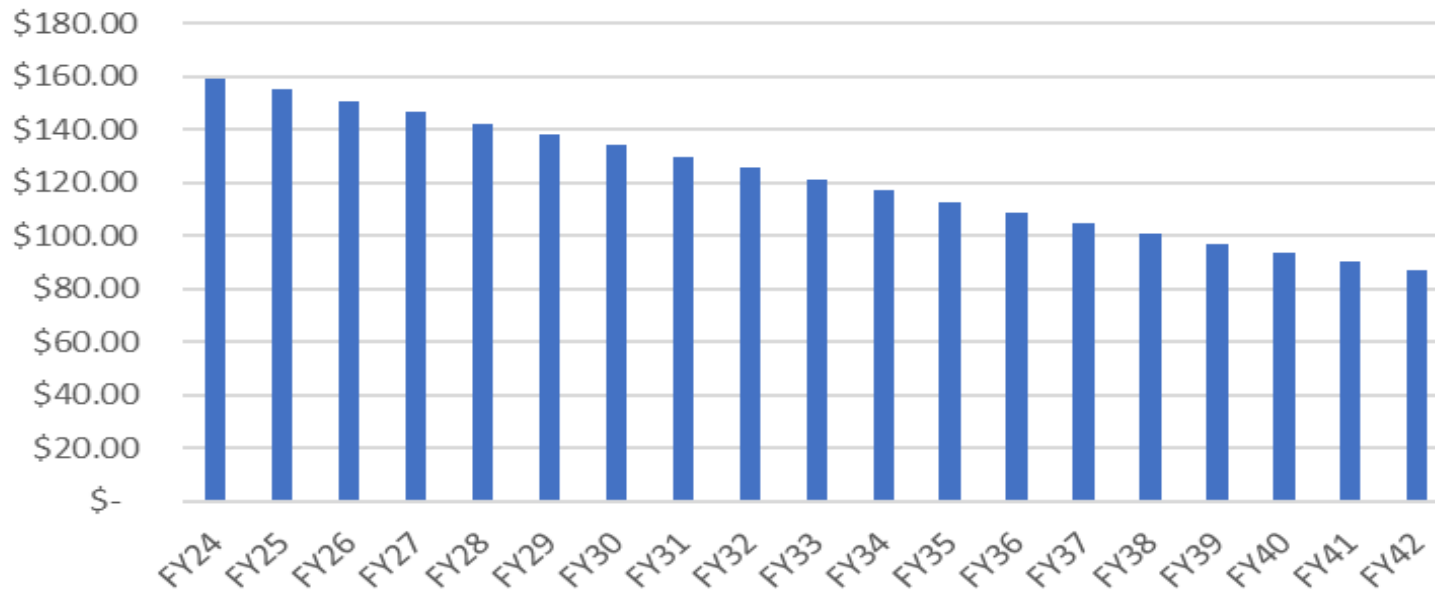
Already approved : \$102,816,000

- (A) Debt borrowed June 2022 \$ 12,000,000 (already in tax bill)
- (B) Remaining Debt to borrow \$ 90,816,000 (in future years)
- (C) Additional Request: \$ 7,200,000 (Special TM)



# Middle School Financial Overview: Impact of Borrowed Amounts (\$12M)

**Annual Impact of June 2022 MS debt**  
for median value home



FY23	\$131.27
FY24	\$159.36
FY25	\$155.14
FY26	\$150.92
FY27	\$146.70
FY28	\$142.48



## Middle School Financial Overview

- (B) Remaining Debt to borrow \$ 90,816,000 (in next year)
- (C) Additional Request to voters: \$ 7,200,000 (up to voters)

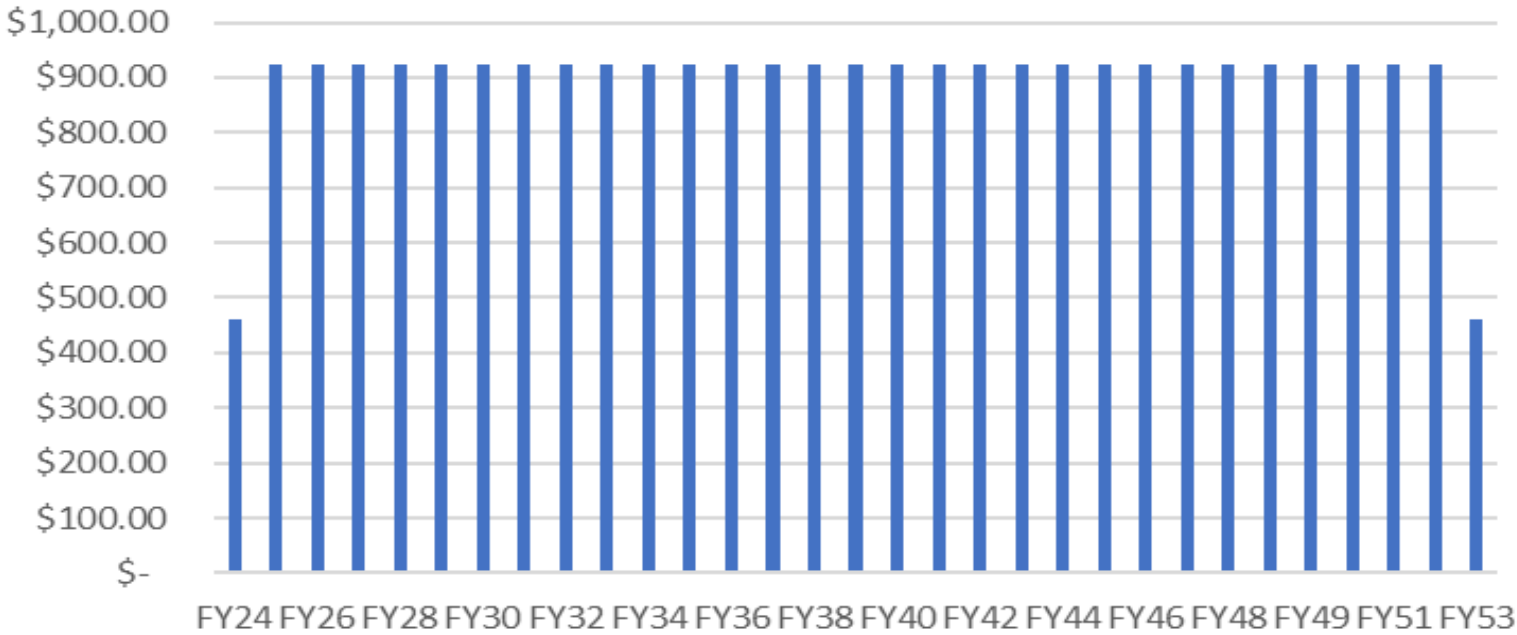
### Debt management tools:

1. Stagger issuance: sell 50% year 1 & 50% year 2
2. Lengthen term to 30 years (previous 20-25yr discussion)
3. Use level debt service
4. Use of Middle School Stabilization Fund in early years



# Middle School Financial Overview: Impact of Amounts to be borrowed (\$90.8M) using tools 1,2,3

### Annual Impact of Remaining Approved MS debt for median value home



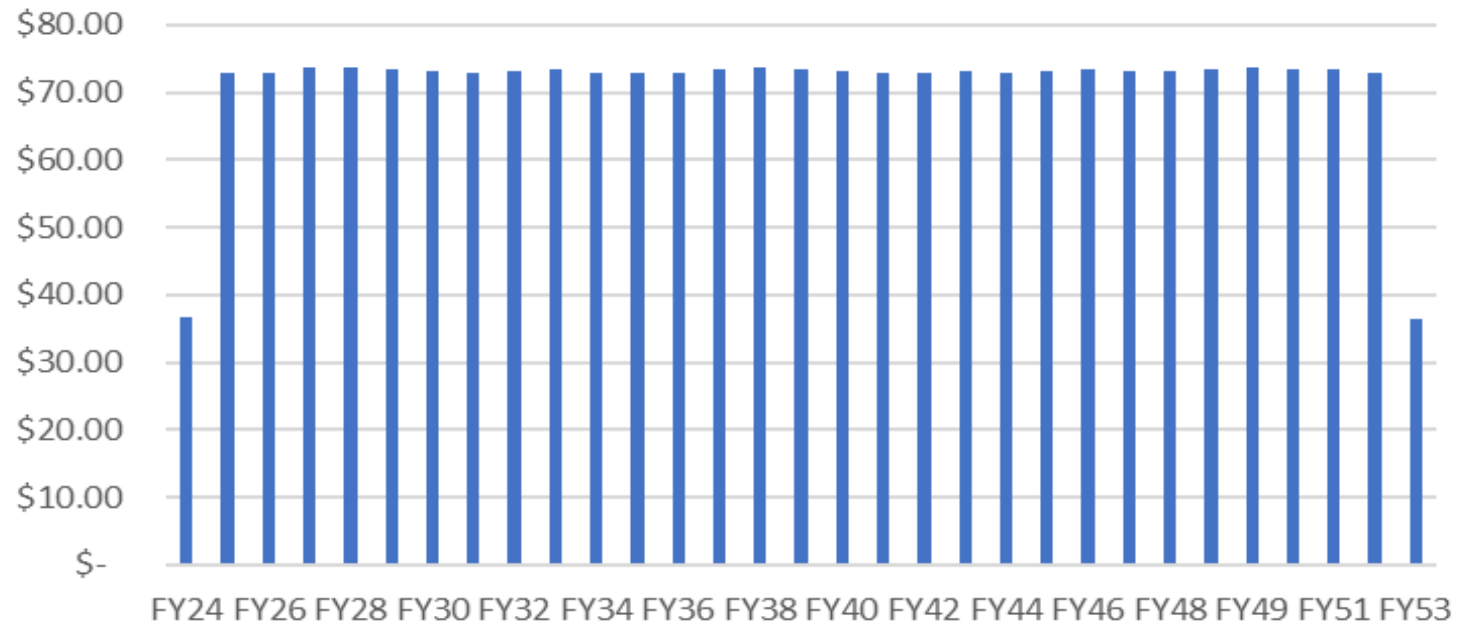
Projected costs:

FY24	\$462.11
FY25	\$924.24
FY26	\$924.07
FY27	\$923.80
FY28	\$923.70



# Middle School Financial Overview: Impact of Additional Funding Request (\$7.2M) using tools 1,2,3

**Annual Impact of Additional Request**  
for median value home



**Projected additional costs:**

FY24	\$36.72
FY25	\$73.02
FY26	\$72.94
FY27	\$73.58
FY28	\$73.76

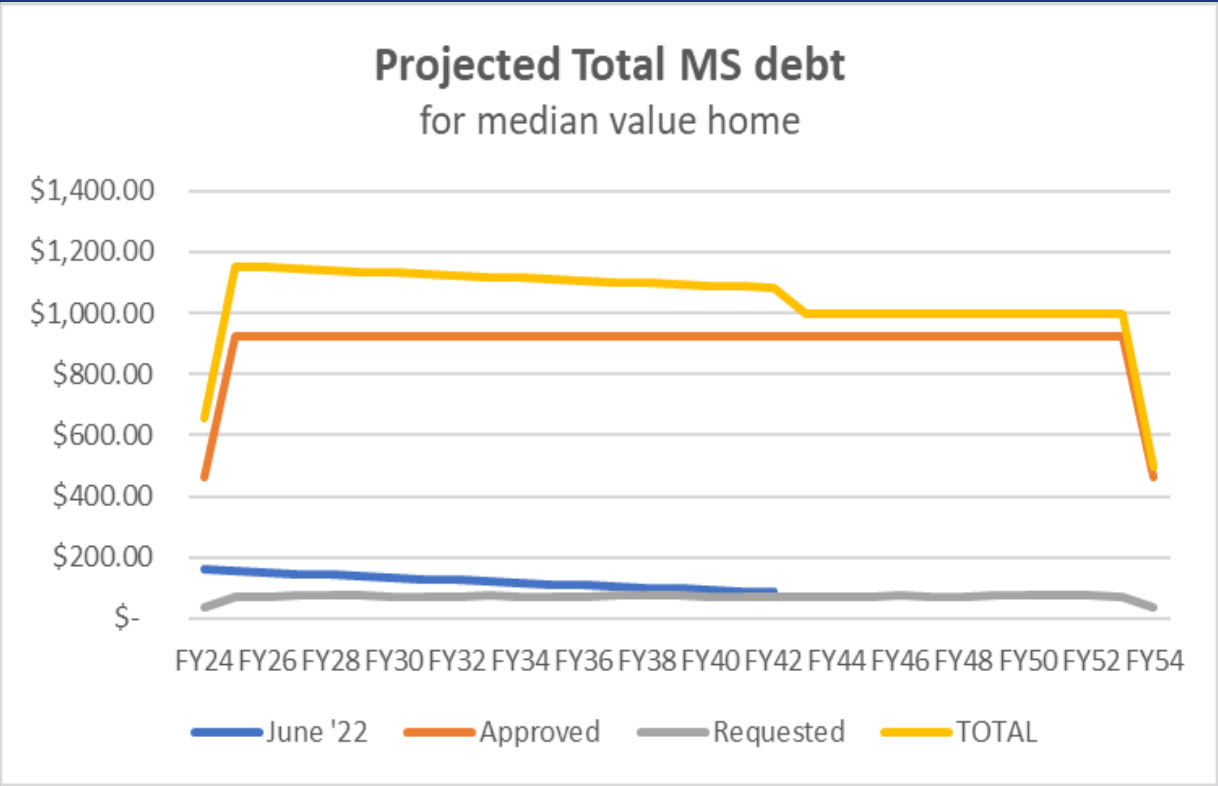


# Middle School Financial Overview:

## Impact of \$110,016,000 Project using tools 1,2,3

	June '22	Approved	Requested	TOTAL
FY24	\$ 159.36	\$ 462.11	\$ 36.72	\$ 658.19
FY25	\$ 155.14	\$ 924.24	\$ 73.02	\$ 1,152.40
FY26	\$ 150.92	\$ 924.07	\$ 72.94	\$ 1,147.93
FY27	\$ 146.70	\$ 923.80	\$ 73.58	\$ 1,144.08
FY28	\$ 142.48	\$ 923.70	\$ 73.76	\$ 1,139.95
FY29	\$ 138.27	\$ 923.76	\$ 73.51	\$ 1,135.53
FY30	\$ 134.05	\$ 923.91	\$ 73.21	\$ 1,131.16
FY31	\$ 129.83	\$ 924.12	\$ 72.87	\$ 1,126.82
FY32	\$ 125.61	\$ 923.98	\$ 73.25	\$ 1,122.84
FY33	\$ 121.39	\$ 923.84	\$ 73.56	\$ 1,118.78

	June '22	Approved	Requested	TOTAL
FY50		\$ 923.73	\$ 73.60	\$ 997.33
FY51		\$ 923.58	\$ 73.57	\$ 997.15
FY52		\$ 923.70	\$ 73.38	\$ 997.08
FY53		\$ 923.97	\$ 73.03	\$ 997.00
FY54		\$ 462.06	\$ 36.41	\$ 498.47

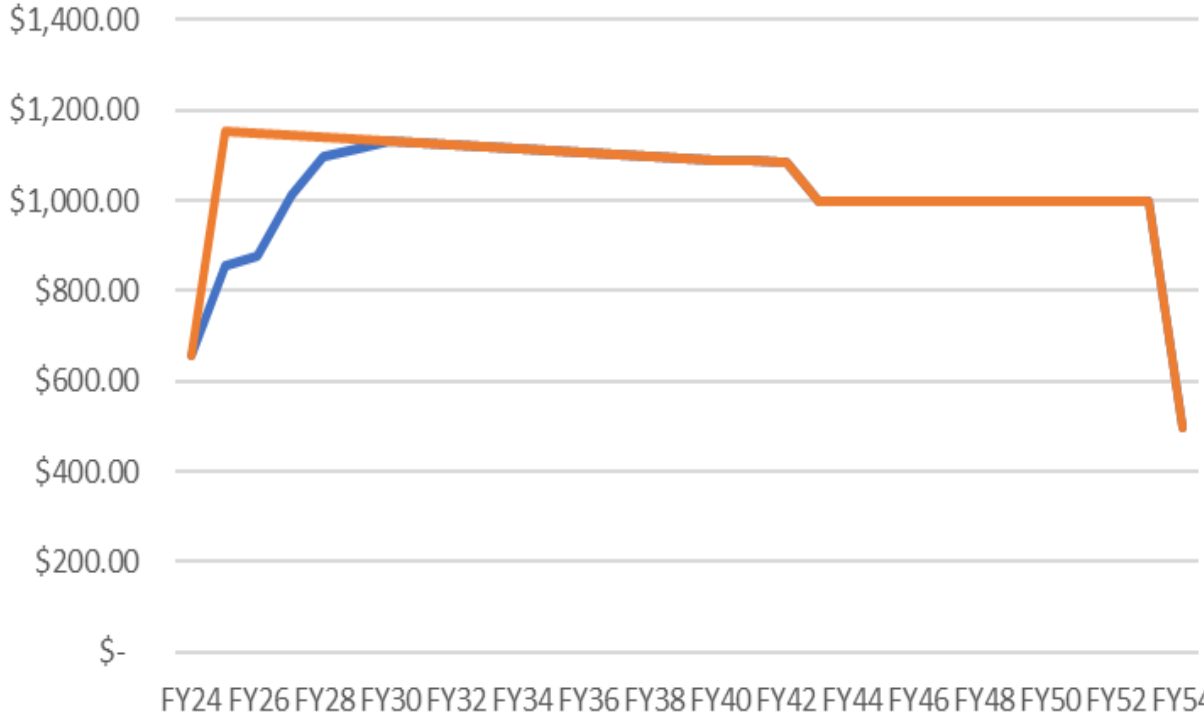




# Middle School Financial Overview

## add in tool 4 (Use of Stabilization Fund)

Use reserve fund in early years 2 to 6



	Use Reserves	Don't Use Reserves
FY24	\$ 658.19	\$ 658.19
FY25	\$ 855.92	\$1,152.40
FY26	\$ 878.06	\$1,147.93
FY27	\$1,011.04	\$1,144.08
FY28	\$1,098.14	\$1,139.95



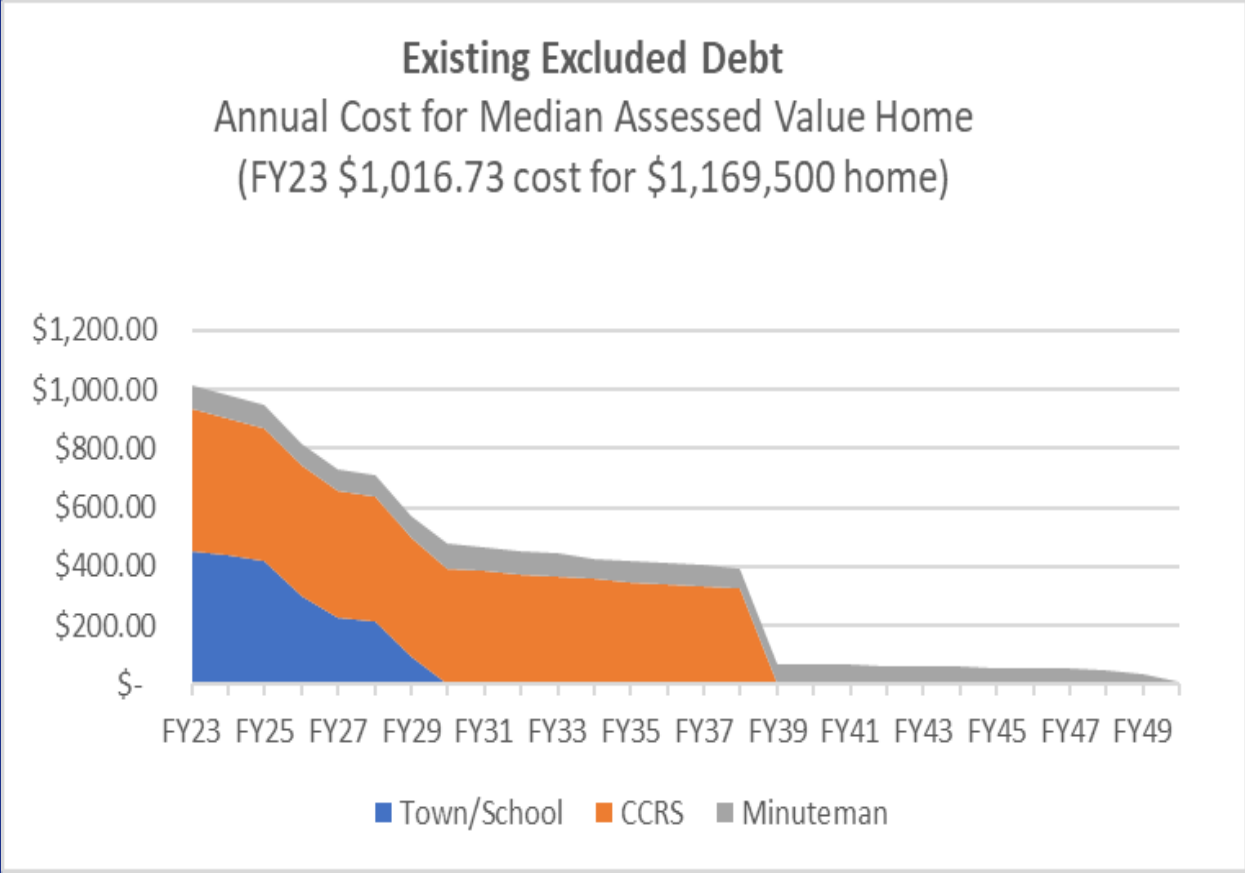
# Supplemental Slides

- Total excluded debt w/o middle school
- Total excluded debt w/ middle school



# Total Excluded Debt Overview

(without any MS debt; taxes for median home)

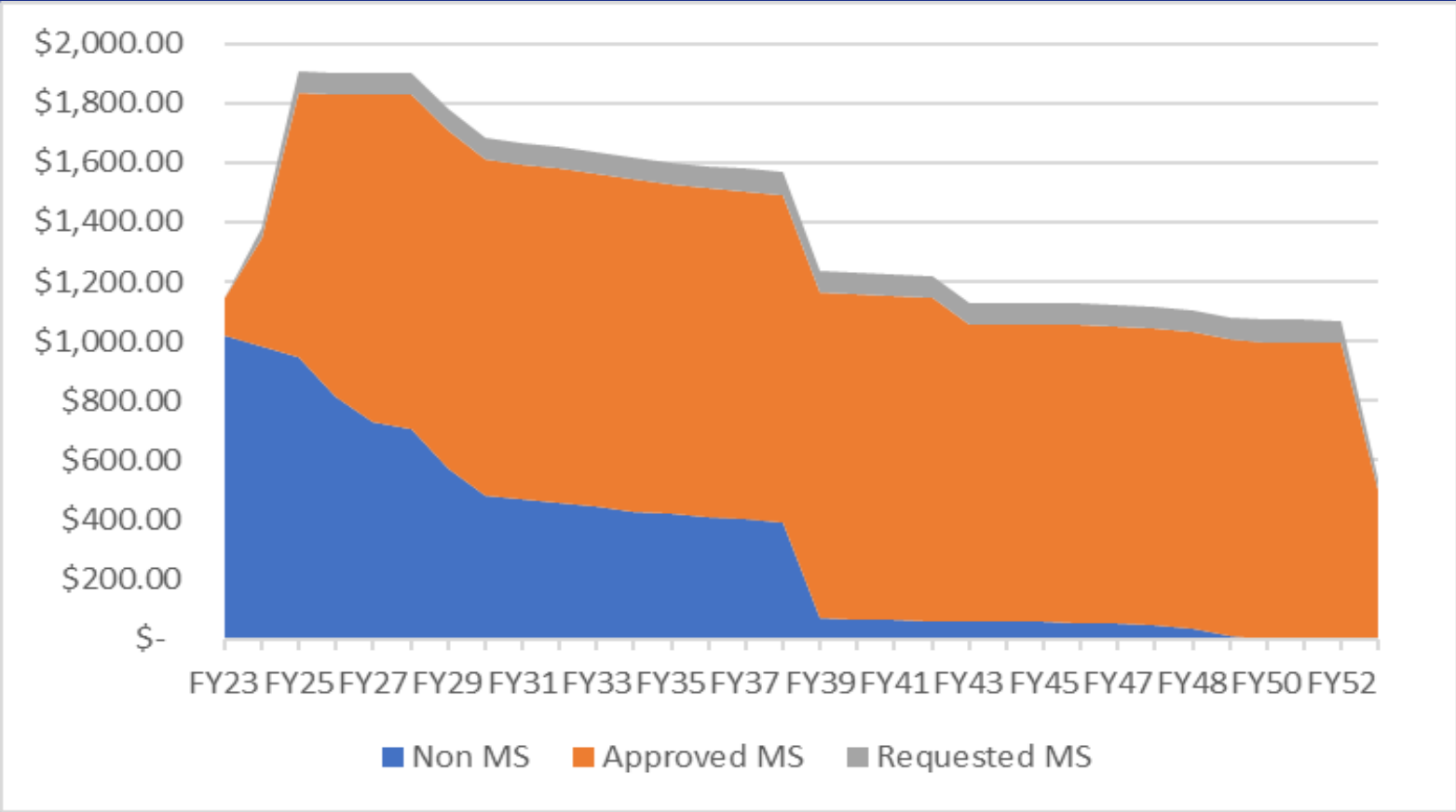


FY23	\$1,016.73	<b>Debt fully repaid:</b>	
FY24	\$ 981.55		
FY25	\$ 949.20		FY25 Alcott School
FY26	\$ 814.36		FY26 Thoreau School
FY27	\$ 726.32		
FY28	\$ 707.29		FY28 Willard School
FY29	\$ 573.71		
FY30	\$ 478.28		
FY31	\$ 467.02		
...			
FY39	\$ 67.46		



# Estimated Total Excluded Debt Overview

(includes all MS debt, sample use of tools 1,2,3,4; taxes for median home)



FY23	\$1,148.00
FY24	\$1,379.98
FY25	\$1,903.92
FY26	\$1,902.69
FY27	\$1,902.68
FY28	\$1,901.76
FY29	\$1,782.52
FY30	\$1,682.43
...	

ARTICLE 5: Concord Middle  
School Building Project

# **ARTICLE 5. Concord Middle School Building Project**

Concord Finance Committee Presentation  
Special Town Meeting  
January 19, 2023

## ARTICLE 5: Concord Middle School Building Project

### Background (1 of 2)

- Estimated construction cost increased since January 2022 for various reasons
- Factors outside Concord Middle School Building Committee (CMSBC) control:
  - ✓ Material
  - ✓ Labor costs

## Background (2 of 2)

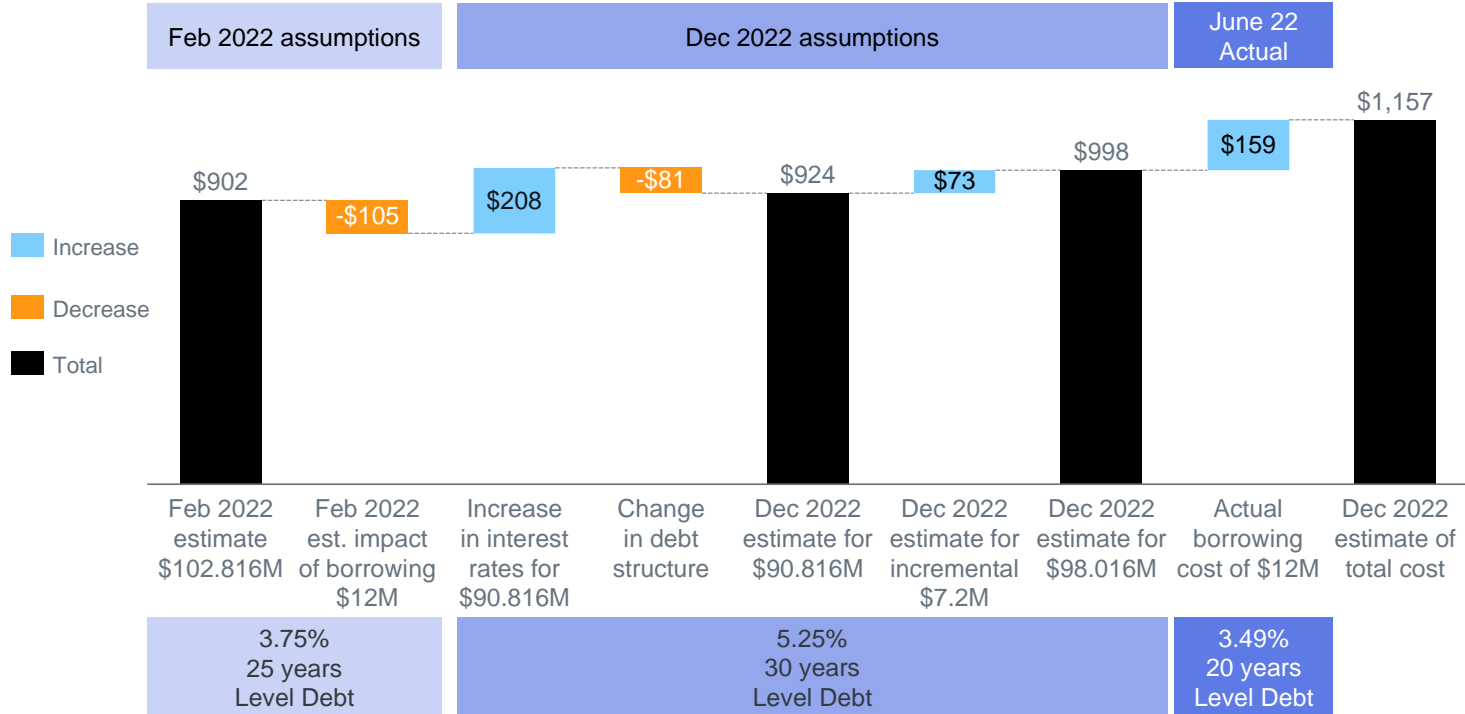
- CMSBC response to higher estimated costs:
  - ✓ Value engineering process to reduce costs
  - ✓ Process excluded some items not in the Educational Program
- Article 5 seeks authorization to borrow an additional \$7.2 million
- Interest rate increases affected borrowing costs

## Impact on annual real property tax of borrowing for the middle school

- Four factors affect borrowing costs:
  - ✓ Actual cost of design and construction
  - ✓ Interest rate(s)
  - ✓ Time period used to repay debt
  - ✓ Structure of periodic payments
- Next slide shows current estimate of impact on property tax at median assessed value

# ARTICLE 5: Concord Middle School Building Project

## Changes in estimated impact of Middle School Building borrowing on annual taxes for median value home



## Finance Committee Considerations and Recommendation (1 of 2)

- Actual cost and impact on property taxes may be higher or lower than currently estimated
- Mitigation strategies may lower impact on property taxes
- CMSBC stated that not approving this additional borrowing now means:
  - ✓ Higher cost in the future and/or
  - ✓ Substantial changes in design, size, etc.

## **Finance Committee Considerations and Recommendation (2 of 2)**

- \$73 annual estimated incremental increase in property tax at median value (\$1.170M) if Article 5 is approved

**Recommend affirmative action on Article 5**

FY24 Target:	\$ 1,320,000
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Amount	Description	Justification	ARPA Spending Category	Town Priorities
\$ 500,000	Middle School Solar	Funding to supplement CMLP \$5.5M expenditure for the approximate 1.5MW rooftop solar array and canopy to be sited at the Concord Middle School. While not the highest priority project for CMLP, it is being advanced now due to timing and community interest. Municipalities can't take advantage of federal incentives.	Infrastructure	Middle School
\$ 150,000	Level 3 Charging, Public Safety	Installation is needed to make efficient use of the department's electric fleet. In accordance with the Fleet Electrification Study.	Lost Revenue	Sustainability
\$ 150,000	Facilities Study	Town appropriated \$150,000 in 2014 for a CPW Feasibility Study, and is now positioning itself to move forward. On a parallel path, the Town would also like to explore options for Public Safety. Project funding will be combined to explore all options relative to both facilities.	Infrastructure	Capital
\$ 130,000	Park Improvements	Emerson Basketball & tennis court rehabilitation; Rideout Baseball & tennis court rehabilitation. Projects eliminated from CIP due to lack of resources.	Infrastructure	Capital
\$ 100,000	Stormwater Management Fund	Evaluate feasibility of creation of fund. Revenue to fund future stormwater infrastructure maintenance and improvements.	Infrastructure	Sustainability; Capital
\$ 100,000	Municipal Buildings Energy Audit	Working with a vendor, explore options for energy efficiency and implement recommendations. This funding to be combined with the remaining Sawyer Trust Funds (approximately \$75,000)	Lost Revenue	Sustainability
\$ 75,000	DEI Initiatives	Advancing DEI initiatives, work to be coordinated by the Town Manager's Office.	Lost Revenue	SB: C1-3; TM 2
\$ 50,000	Water Due Diligence	Town is investigating the feasibility of joining MWRA, the cost of which would be borne by the Water Enterprise Fund. Approximately 95% of residents are served by municipal water, but 5% are not for a variety of reasons. Funds would be used to determine the feasibility of providing municipal water to remaining residents.	Infrastructure	Sustainability; Capital
\$ 40,000	GIS	Additional data gathering and development.	Infrastructure	Sustainability; Capital: Economic Vitality
\$ 25,000	Municipal, Strategic Planning	Demand for increase in municipal services is tremendous. The organization has grown fast; segments are disconnected and sometimes siloed. Continued review of organization structure to better position for success. Collaboration building and development of common/shared goals.	Lost Revenue	SB: A; TM 1
\$ 1,320,000	<b>Total</b>			

FY	Amount	Description	Committed
23	\$ 500,000.00	Affordable Housing: annual request from CMAHT; appropriated from Free Cash to be backfilled with ARPA	yes
<b>\$ 500,000.00</b>		<b>FY23 Committed Total</b>	
23	\$ 200,000.00	Transportation Initiatives: transportation study; improvements; grant matching funds; transportation planner (PT to FT). Will seek input from TAC before a formal proposal is brought forward. Fund now to leverage grant funds currently available.	no
23	\$ 125,000.00	Economic Development Initiatives: consultant or staff position. Will seek input from EVC, CBP, Chamber of Commerce before a formal proposal is brought forward. Fund now to leverage grant funds currently available. Affordable Housing: in Spring 2023, based upon 2020 Census, Town is projected to be 8 - 20 units of affordable housing short of 10%, leaving it open to 40B development applications. Town needs to develop an inventory of all potential units to be added to SHI and develop a strategic plan to identify up to 20 units. This scope of work does not fall under current contract with RHSO. Will seek input from CMAHT, CHDC, RHSO & staff before a formal proposal is brought forward.	no
23	\$ 30,000.00	Cell Service: (up to) in the event that service study needs to be updated; fund any due diligence expenses related to specific sites. This is a high priority for the business community.	no
23	\$ 25,000.00		no
23	\$ 20,000.00	Cultural Arts: Town spends less in this area than neighbors and other peers; art relieves stress, fosters community; multi-generational linkages. Will seek input from various groups before bringing a proposal forward.	no
<b>\$ 900,000.00</b>		<b>FY23 Committed &amp; Proposed Total</b>	

Town of Concord

Meeting of the Finance Committee

Meeting Min of Fin Com mtg 10/27/22

**YouTube Link:** [www.youtube.com/watch?v=jj1Xes3bnMI](https://www.youtube.com/watch?v=jj1Xes3bnMI)

Present: Peggy Briggs – Chair, Suresh Bhatia (online), Kathy Cuocolo, Eric Dahlberg (online), Jon Garofalo, Greg Guarriello, Amrith Kumar (online), Don Kupka, Lyndsey Lis, Dee Ortner, Parashar Patel, Christine Reynolds, Brian Taylor (online), Lois Wasoff (online), Ray Andrews (online)

Absent: none

Others Present:

Matt Johnson, Select Board Chair and member of CMS Building Committee  
Bob LeLacheur, Interim Town of Concord Interim Finance Director (online)  
Rick Loughlin, Chair, Finance Subcommittee of 2025 Celebration Committee  
Gail Dowd – Town of Concord Chief Financial Officer (online)  
Betsy Levinson – reporter “Concord Bridge” newspaper (online)

1. Peggy Briggs called to order at 7:03PM. Ray Andrews was appointed as scribe for the meeting.
2. Parashar reviewed Preliminary Budget Guidelines numbers that had already been set. Guidelines Committee approved 3% increase in the Overall Budget = \$102.7M total budget which will result in a 3.18% increase in taxes. This would result in an Unused Levy Capacity of \$4.2M. These numbers do not assume any transfer from Free Cash (typically \$1M) to reduce Property Taxes.

Town increase of 4% = \$33M We approved increase 2.5% in Combined Schools budget = \$69.7M. CPS increase of 2.52% = \$1.1M increase and CCRSD 2.46% = \$600K.

Dee asked if we could alter the schedule for finalizing Guidelines relative to Town Meeting. In the ensuing discussion we learned the current schedule has been in place for ~40 years. The rules were changed at a recent Town Meeting with a Warrant Article tying due dates to the dates the Warrant is due. Dee will discuss her question with Town Moderator.

3. (20:00) Update on Middle School Building project

60% design cost estimate is currently \$108.7M, an increase from \$102.8M approved by voters at ATM.

Both numbers contain a design contingency and a bid contingency (to allow for inflation), although amounts may have changed.

Anticipated interest rate has increased from 3.75% at the time ATM approved \$102.8M to 5.0% currently. Increased cost estimate combined with increased interest rate will result in expected increase to median tax bill in FY 25 of \$1,357 up from \$1,128 (\$229 increase that year). This does not include use of Stabilization Fund which will reduce these numbers slightly.

Chris noted that the Select Board will present a Warrant Article to ask citizens to approve raising the budget for the Middle School above the \$102.8M approved at ATM and above the current estimate of \$108.7M, probably to \$115M.

Kathy expressed concern that the above increase in interest rate and cost estimate increases the increase to tax payers by 20%.

Peggy mentioned potential sources of funds to add to Stabilization Fund including Free Cash and projects that might be delayed or funds rescinded.

Chris said the Building Committee constrained themselves to reducing costs by focusing on small items and to make significant reductions they will have to look at large items.

There was some discussion on how they could get cost back to \$102.8M. Would original plan without larger gym and larger auditorium achieve that? Parashar suggested a simple presentation of 3 choices: original design with smaller gym & auditorium at today's costs, current design at \$108.7M, what changes would be needed to build the school for \$102.8M. This would help citizens understand the causes of the increase and might (seem) to give them a "choice".

90% design estimate is due Jan 13. General bids are due on April 19. Peggy reminded us that they can't put it out for bids until they have authorization to spend the money as approved by Town Meeting.

Eric asked what would happen if voters do not approve the Warrant Article at Special Town Meeting asking to increase the Budget.

Matt Johnson, chair of Select Board and member of CMSBC reported the committee decided not to plan 2 buildings so we do not have a Plan B. If voters reject the project at new numbers we will have to go back to drawing board and the delay will mean less building for higher cost. He also noted that given today's costs we cannot build the original building for the original budget of \$102.8M. Lois stated it feels like CMSBC is saying "Here it is, take it or leave it".

Peggy suggested and Bob presented a simple chart illustrating the fact that one factor increasing the impact on Property Tax bills will be the increase in interest rate from 3.75% assumption used in January to 5% currently assumed. (1:00:00)

Some discussion on whether town voted on a building or a dollar amount or both. Technically, just a dollar amount but with a reasonable expectation of a building with certain characteristics.

Discussion of how to pay for it at \$108M or \$115M, or whatever number will be on the Warrant at STM.

Will larger debt affect Concord's AAA Bond rating? Bob LeLacheur said it would not.

Amrith suggested present voters with 3 factors: Cost, Building Design, and impact on their property tax bill.

Expected Warrant Article for Special Town Meeting is to appropriate a sum not to exceed \$12.2M to add to \$102.8M approved at STM in January 2022 for total appropriation of \$115M. There was some discussion of the desire to not spend \$115M even if voters approve that amount and how to balance the actual cost with amount borrowed. Also what happens to funds raised by debt is it is not all needed? It

goes back to the town. Chris asked how do we incentivize contractor(s) to not spend all the money approved in the budget?

Peggy suggested we look at other Capital Projects which could be reduced or delayed during period of major tax impact of new Middle School. New Public Safety Complex and major work on Public Works Facility are the two she mentioned.

We could slow payments into OPEB and add those funds to the Stabilization Fund for CMS.

Lois, Amrith, and others suggested it is important to help Fin Com members and voters understand why the anticipated tax impact has increased. We should show \$115M at 3.75% and at 5% interest rates and compare that to the \$102M at 3.75% that raised taxes by \$1045/yr for median house. We may also need to explain a third change from level payments to level principal and its impact on the yearly tax payments. Its not just the cost but how you finance it, interest rate of 5% vs 3.75%, level principal (with higher payments in early years and lower payments in later years) vs level payments. This should be in Fin Com Report to STM. Kathy suggested including a graphic of cumulative debt service over time.

Other sources of funds to add to the Stabilization Fund to potentially reduce debt service were suggested including possible sale or other monetization of Peabody School, ARPA, Assessors Overlay, delay or reduction of some OPEB payments, etc. Kathy, Don, and others suggested Gail Dowd look at state and federal aid programs including Build Back Better Program for funds that could, even indirectly, contribute to the Stabilization Fund.

4. Meeting schedule: Nov 3 was cancelled

Thursday Nov 10 – Fin Com Capital Planning Public Forum #2 and regular meeting

Thursday Nov 17 at 6:30 – Middle School project Public Hearing and Guidelines meeting

Monday Nov 21 at 7PM Fin Com meeting to Vote on Final Guidelines and maybe vote on our recommendation for Middle School Building Warrant at STM.

Other STM Warrant Articles that Fin Com may need to make recommendations on: Articles to return \$1M from Christopher Heights to CPC. This may go to Assabet Bluffs.

Lois will lead the task of writing the Finance Committee Report for STM with help from Parashar, Peggy, Christine, Amrith, and Bob. Report is due by December 8.

5. 2025 Celebration Committee – Rick Loughlin - Chair of Finance subcommittee of 2025 Celebration Committee reported they expect to present a Warrant Article to 2023 ATM for funds, approximately \$300K for 250<sup>th</sup> Anniversary of 1775.

6. No minutes were submitted for approval

7. Peggy Briggs adjourned the meeting at 9:25PM

Respectfully submitted,

Ray Andrews, Scribe

## Town of Concord

### Finance Committee

#### Meeting Minutes – November 10, 2022

<https://www.youtube.com/watch?v=WPg0pqr8Jc0&list=PL1TTzrWEKOOonnNx4Y97syFCGhi0OGGQrA&index=2>

**Present:** Peggy Briggs (Chair); Amrith Kumar; Eric Dahlberg; John Garofalo (Scribe); Suresh Bhatia; Parashar Patel; Christine Reynolds; Lyndsey Lis; Dee Ortner; Kathy Cuocolo; Lois Wasoff; Don Kupka

**Absent:** Ray Andrews, Greg Guarriello, Brian Taylor

**Others Present:** Matt Johnson (Select Board Chair); Bob LeLacheur (Finance Consultant); Terri Ackerman (Select Board); Kerry Lafleur (Town Manager); Linda Escobedo (Select Board); Laurie Hunter (School Superintendent)

**Open Meeting:** Ms. Briggs called the meeting to order at 6:30 pm. A scribe, John Garofalo, was appointed. The meeting was in a hybrid format, at the Concord Town Hall and on Zoom.

**Review 10-year Capital Plan – Tier III.** Ms. Lafleur started her presentation at 6:35pm regarding capital planning for projects falling within Tier III. She commented that it is an annual process between the town and schools to discuss the proposed tax impact of such projects. There are three meetings per year to receive and process feedback. She explained that capital projects are divided into three tiers based on cost: Tier I (less than \$100,000); Tier II (greater than \$100,000 but less than \$5,000,000); and Tier III (more than \$5,000,000). Tier III projects are funded through the issuance of debt outside of the Prop 2-1/2 levy limit and are subject to voter approval.

For CCRSD, there are no Tier III projects over FY 24-33 other than the new Middle School approved at the STM and ballot vote in 2022. It was noted that the age of the existing elementary and middle schools range from approximately 15-20 years old. The annual maintenance cost of the elementary and middle schools is approximately \$900,000.

The Town has hired TDA Architects to survey all municipal buildings for anticipated capital needs, all of which have been put on hold due to the middle school project. The municipal buildings are very old and in need of significant repair or relocation. The Public Works building on Keyes Road and the Public Safety building on Walden Street are high priorities. In response to a question from Ms. Briggs, Ms. Lafleur said that the Town has looked at possible new sites for the buildings but nothing has been identified.

The top priority is the Public Works facility. The building/layout is not secure, limits growth, and needs repair. Ms. Lafleur showed pictures of the site with very valuable equipment stored outside and exposed to the elements reducing their lifecycle. The question was asked if there was adequate space at the site; the answer was no; this facility needs approximately 14 acres. The most recent estimate of the cost to improve the facility at the current location is \$30 million; the estimate to move the building to a new location is \$46 million (excluding land costs and in 2019 dollars).

The next priority is Public Safety Complex. The existing site is 2/3 of what is needed, was built in 1961 and needs repair. It houses 90 FTE police and fire personnel with 30 in the facility any given day at one time. The current site is approximately 1.6 acres. The current estimate to rebuild the facility on a new location is \$25 million without land cost.

The annual recurring expense for public works infrastructure is \$2 million per year in Tier II spending, but many needs are not being funded (i.e., parking lots, storm drains, bike & pedestrian improvements). The true annual cost is closer to \$3.5 million - \$7.8 million per year.

In the discussion following Ms. LaFleur's presentation, committee members asked questions about possible sources of funding and whether Tier II projects can be aggregated into a larger Tier III project. Ms. LaFleur responded that the Town is open to pursuing funding from other sources, such as government funding for transportation expenses. Aggregating projects can be difficult because of timing uncertainties. She stated that the Town is not deferring purchases, but the public works infrastructure is in need of serious attention. The survey being conducted of town buildings will take at least a year; when it is completed a plan will be presented with specific requests for Tier III projects along with updated cost and tax impact estimates. It was noted that the elementary school debt ends in fiscal 2030 and the high school debt ends in 2039, so the impact of debt on taxes will continue for a long time. In response to a question about her biggest current concern, Ms. LaFleur responded that millions of dollars of equipment are exposed to the elements which impacts their useful life.

Ms. Briggs mentioned that 5% of the annual budget is used for Tier I and II projects. This raised the question of whether this amount should be increased. Mr. Patel requested that when the Town next presents on this topic it provide a schedule of how much should be put away to cover anticipated needs in this area.

**Special Town Meeting Warrant.** A public hearing will take place on November 17<sup>th</sup> at 7pm in Hearing Room on Articles 4 and 5 of the warrant, which have financial implications. Article 4 rescinds prior appropriations from the Community Preservation Fund of \$1,044,255.76 in view of the fact that the Junction Village Assisted Living project is not going ahead. Article 5 appropriates a sum not to exceed \$7,200,000 to cover additional construction costs for the new middle school, in addition to the \$102,816,000 appropriated at the January 20, 2022 Special Town Meeting, for a total appropriation for such project of \$110,016,000.

Discussing Article 4, Mr. Johnson stated that there were proposals to move the money back to affordable housing in CPC or to the Assabet Bluff project, but the Select Board ran out of time and voted to put the money back into the reserve fund. Ms. Ortnier noted that CPC did not spend \$250,000 allocated for open space last year, so she hoped that money would be put back as well. Mr. Kumar asked why the money wasn't going back to free cash, since most of the money mentioned in Article 4 came from a 2017 appropriation from free cash rather than the CPC. Mr. Johnson replied that the amounts referenced in Article 4 are CPC funds.

Ms. Briggs introduced the discussion of Article 5 by noting that total requested for new middle school is \$110 million (\$2 million in contingencies with a budget of \$108 million) rather than the \$115 million discussed last week. In the discussion following, questions were raised about how the \$110 million figure

was derived, and what the impact would be on the taxpayers of the increase from the number approved in January. Ms. Lis questioned the use of median assessed value of home for real estate tax impact since there is wide range of home values. She shared information about household income in Concord, showing that as of 2020 1,960 (30%) had less than \$100k annual income, and that Concord's median income was \$160k. Mr. Patel noted that there is probably a smaller percentage of owner-occupied houses in the lower income brackets, meaning that the tax impact might not be directly on those households, but indirectly through possibly increases in rents imposed by the landlords paying the property taxes.

Mr. LeLacheur presented about the cost to taxpayers owning homes of excluded debt without middle school project ~\$1,017 per household in FY23. This will increase by \$1,243.69 with middle school project and including the additional \$7.2 million. Total is \$2,225 in FY 24 for all excluded debt, including the Middle School project, but averages \$1,530 over life of debt. A rate of 5.25% on level debt was used in the analysis. He mentioned that the Town might consider staggering the issuance of municipal bonds to manage interest rates. Mr. Patel noted that of the \$340 Middle school cost increase to taxpayers, 74% is due to recent increases in interest rates. That raises questions about possible spending cuts to help offset the increase, choices that may have to be made between cutting services or increasing taxes, and what the impact may be on the guidelines discussion when the school and town come back with budgets.

In response to a question about the impact of the town voting down the increased cost, Laurie Hunter said that there would be schedule and design changes that would result in additional costs. Although the \$103 million appropriation would still be in effect, the scope of the school would be changed and substantial redesign would be required. Ms. Hunter emphasized that every edit impacts other pieces of the building and it is not a simple process.

**Minutes and Committee Procedure.** Ms. Briggs reminded the committee that if a member has materials to share please send them to Mr. LeLacheur and he will send out to the full committee.

The minutes from the Finance Committee meeting on September 22; the Guidelines subcommittee meeting on October 13 and the Finance Committee meeting on October 13 were unanimously approved as submitted with the following corrections: for 9/22, clarifying the reference to CPS and CCRSD on page 1 and correcting typos on pages 5 and 6; for 10/13 (both minutes) changing military to civilian time; for 10/13 FinCom minutes, listing Suresh Bhatia as absent rather than present.

**Observer Reports.** Mr. Kupka is liaison to the Planning Board. The last two meetings were about the middle school. The project is seeking relief from three zoning requirements: height, size and parking. Impervious ground cover is too large and the area is short of parking spaces. There is adequate parking for staff. The Board is saying the building is just a little too big but believes that people will carpool. Event parking could be problematic.

Ms. Reynolds reported that the Light Board is doing ongoing work related to rate setting is ongoing. The Light Board may want to have a public session about solar plans for the middle school and where canopies would be located and might request funding at town meeting.

Ms. Ortnier reported on the Board of Assessors. At their meeting on October 26, a property value specialist made a presentation that is on YouTube. New assessments are on-line for viewing. Ms. Briggs proposed

inviting the Board to a FinCom meeting to discuss the change in assessed value of the town and the impact on the tax rate.

Ms. Ortnier also reported on the CPC, which met on October 18. Estimates for the Warner's Pond dredging project, expected to cost \$550,000, were over \$9 million. The request will be taken off this year. An open Space and recreation funding request of \$100,000 is likely to be funded. Mr. Johnson said that Warner Pond is looking at a smaller dredging project or removing the dam to meet the current budget of ~\$2 million. This would be a long process, involving public forums and town meeting.

**Other Business and Adjournment.** Ms. Ortnier said she had met with moderator since last meeting to discuss the timing of the guidelines process and budgeting process of the schools and Town. She learned that the moderator doesn't decide town meeting date. That is done by the Select Board. Town meeting has to occur between months of February and May by state law. The moderator suggested the chair & vice chair could contact Select Board members, since the town meeting date could be flexible.

Mr. Patel noted that an Excel file showing various scenarios for the guidelines will be circulated before the next meeting.

There were no public comments. The meeting was adjourned by a roll call vote at 8:57pm.

DRAFT

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

**Concord Finance Committee Agenda**  
**November 21, 2022**

**Hybrid Meeting: Select Board Room, 22 Monument Square  
and via Zoom**

**1. Call to Order**

The meeting was called to order at 7:00pm. The following members in attendance included:

Ray Andrews  
Peggy Briggs, Chair  
Eric Dahlberg (remote)  
Don Kupka (remote)  
Lyndsey Lis (remote; left at 9:35pm)  
Dee Ortner (scribe)  
Parashar Patel, Guidelines Chair  
Christine Reynolds  
Lois Wasoff  
Greg Guarriello (remote; joined at 7:18pm)  
Amrith Kumar (remote; joined at 7:20pm)  
Suresh Bhatia (remote; joined ~7:40pm)

Members absent:

Kathy Cuocolo  
John Garofalo  
Brian Taylor

Community members in attendance included:

Kerry Lafleur, Concord Town Manager  
Robert Lelacheur, Co-Interim Finance Director  
Gail Dowd, Incoming Concord Town Finance Director  
Cynthia Rainey, Chair of CPS  
Dr. Laurie Hunter, School Superintendent  
Robert Conry, Assistant Superintendent of Finance and Operations  
Pat Nelson, Co-Chair of the CMS Building Committee  
Dawn Guarriello, Co-Chair of the CMS Building Committee  
Matt Johnson, Chair of Select Board (Remote)

NOTE: other citizens may have been in attendance either in the audience or through zoom.

## **2. Discuss/Vote Articles for 2023 Special Town Meeting (if needed)**

This agenda item was not taken up as the discussions and votes for Articles 4 and 5 of Special Town Meeting occurred at the Finance Hearing held on November 17, 2022.

## **3. Discuss/Vote on Final FY24 Budget Guidelines**

After Ms. Briggs announced roll call introductions, she turned the meeting over to Mr. Patel, Chair of the Guidelines Committee.

## **4. FinCom Review Preliminary FY24 Budget Guidelines**

Mr. Patel mentioned that an update and corrections to the numbers discussed at the November 17<sup>th</sup> meeting had been distributed to all FinCom members over the past weekend.

## **5. Updates from:**

### **a. Schools**

Dr. Laurie Hunter and Mr. Conry approached the table. Dr. Hunter addressed the Committee by first stating that nothing new had been finalized since the meeting on November 17<sup>th</sup> and that her remarks would focus on the CPS budget as numbers were still being determined for the regional high school. Both budgets would be presented to the School Committees on December 6<sup>th</sup>, prior to the next meeting of the Finance Committee on December 13<sup>th</sup>.

Dr. Hunter stated that the last projected increase was no longer 4.3% and was now closer to 5%, primarily due to rising costs in Special Education. In-house accommodation for special needs students has increased and is almost at full capacity. At this time no decision has been made whether to increase in-house staffing or to outsource students. Questions from Committee members and discussion on managing the necessary academic challenges and changes ensued.

### **b. Town Budget**

Ms. Lafleur next approached the table. Both Robert Lelacheur and Gail Dowd were already seated at the table as they provide assistance to the Finance Committee during all of its meetings. In response to early guideline projections Ms. Lafleur offered several slides indicating major strategic issues, such as salary costs, infrastructure needs and affordability concerns. Early budget estimates indicate an increase of 5.22% due primarily to salary costs, utilities (*e.g.*, 50% increase in natural gas and 18% in electricity) and programmatic changes required to address strategic initiatives.

Costs are approximately \$1.6M more than originally anticipated and approximately \$2M more than the preliminary guideline. Ms. Lafleur concluded her remarks by indicating additional consideration of \$600,000 to address urgent and highest priority needs, of which 25% would be for personnel. ARPA funding is being considered for one-time projects only, and not for “filling gaps” in program needs. Considerable discussion and questions from members of the Committee commenced; no questions from the audience were asked.

### **c. Revenue Update**

Recap of FY23 indicated a 3.37% increase in tax to the existing homeowner, which was reduced to 2.05% due to \$300,000 in new growth over the projected amount of approximately \$900,000 ending with \$1,241,514. This increase addresses the operating budget and does not include excluded debt. In addition, the Town had a deficit spending amount of \$200,000 for snow/ice removal that was not spent and an additional \$200,000 from other revenue sources. For FY24, a projected increase of 3.81% in total revenues, which is higher than the Finance Committee projected guideline and state aid of 4.5% higher than the current fiscal year. Local receipts are projected to show a 6.5% increase, thus returning to pre-pandemic expenditures. This represents an increase from FY23 to FY24 of \$4,764,888 or 3.81%.

### **d. Capital Plan**

Finance Committee Policies were reviewed. Details for proposed spending in Tier 1, 2 and 3 were presented. Within the budget, projects in Tier 1 and some in Tier 2 amounted to \$1.7M. Debt projects for the Town and CPs amounted to \$5.6M. Estimated free cash is \$7.3M.

During this presentation, Mr. Lelacheur suggested that Tier 2 projects at or under the amount of \$200,000 be paid for using cash and not through debt. Further, he recommended in the future that the \$200,000 limit be raised over time (*e.g.*, to \$500,000 by FY29) to avoid incurring debt and debt service on smaller projects.

Mr. Lelacheur also suggested that to keep up with maintenance expenditures (and not pushing such work out into the future when higher costs would be required) a floor of 5% capital expenditures should be maintained annually. Furthermore, he suggested that all Tier 1 and Tier 2 projects should be considered outside the guidelines limit starting in FY25. And finally, Mr. Lelacheur recommended that a new storm water enterprise fund be considered to protect community natural resources and remove their competing with other community capital projects. He indicated that such a funding mechanism has been used successfully in other communities.

## **6. Guidelines discussion**

Mr. Patel opened the discussion by asking both Town and school administrators to join with the Committee members at the table. He began with a recap of how the sustainable group rate (SGR) had been determined in prior years; then spoke to examining both the level service rate metric (3.71%) and real personal income rate metric (2.54%) as context for the Committee's deliberations. Mr. Patel also spoke to corrections made to the preliminary guidelines. Potential options were then presented for consideration by the entire Committee. Considerable discussion continued.

Ms. Lafleur indicated that her request to staff was to offer a level-service budget. Ms. Lafleur also indicated that hiring costs had increased substantially and that essential services were rising throughout the Town. Dr. Hunter indicated that at this time the CPS budget is closer to being finalized and that the CCRSD budget needs continued examination. She also stated that both budgets would be presented to the School Committees on December 6<sup>th</sup>.

Understanding the needs expressed about increased costs for both the Town and the schools, the Finance Committee moved from a 3% preliminary guidelines estimate for property tax increase to final guidelines of 3.65% with the breakdown between Town and schools shown in the following table.

	<b>FY 24 Guidelines \$</b>	<b>Guidelines increase</b>
Pool	100,052,381	3.65%
CPS	44,429,832	3.30%
CCRS	22,305,770	2.40%
Town	33,322,385	5.00%

This concluded the discussion on final guidelines with no members of the community asking questions or making comments.

**MOTION**

Ms. Reynolds moved to accept the guidelines increases, with Mr. Suresh seconding the motion. The roll call vote was unanimously approved.

Meeting adjourned at 9:55 pm.

Minutes submitted by Dee Ortner  
Finance Committee member

**Finance Committee**  
**Meeting Minutes – January 19, 2023**

**Present:** Ray Andrews, Suresh Bhati, Peggy Briggs, Eric Dahlberg, Jon Garofalo, Don Kupka (joined at 7PM at commencement of Special Town Meeting), Lindsey Lis, Dee Ortner, Parashar Patel, Christine Reynolds, Brian Taylor, Lois Wasoff

**Absent:** Greg Guarriello, Kathy Cuocolo, Armith Kumar

**Others Present:** Gail Dowd, Town Finance Director, Bob Lelacheur, Town Finance Consultant

The meeting was held in-person at CCHS in conjunction with the Special Town Meeting (STM).

Having determined the presence of a quorum, Peggy Briggs called the meeting to order at 6:20PM. Lois said she would act as the scribe for this meeting.

Since this was the first entirely in-person meeting for some time, Peggy asked the people attending to introduce themselves. She then explained that there was no detailed agenda for this meeting, since it had been scheduled as a precaution in case the 90% design estimate for the middle school construction came in high enough so that the project was no longer within the scope of Article 5. That estimate has now come in. It was \$1MM above the 60% figure, but because of the contingencies that had been included in setting the figure in the warrant for STM, the budget was still within the scope of Article 5.

Peggy reported that in anticipation of seeking construction bids the school building committee has started the process of pre-qualifying general contractors. Five contractors have indicated interest in pre-qualifying which should mean that there will be competitive bidding when the bidding process begins in about a month.

Parashar will be doing the Finance Committee presentation on Article 5 at STM. The slides he will be using are being made available as a handout to meeting attendees.

Peggy asked if anyone had any concerns about her request that the Finance Committee speak with “one voice” during STM. There was a brief discussion during which both Chris and Lois noted that they felt it would be appropriate for individual members to speak, depending upon what was said at the meeting.

There was a general discussion of next steps if Article 5 is approved, including the timing of the borrowing. Bob said that the current expectation is that about one-half of the borrowing could be done this spring and the rest in about one year, although delays in construction if supply chain problems do not improve could mean that the second portion of the borrowing happens later. If costs are lower than expected, less money might be borrowed. If money is already borrowed and there are subsequent savings, so not all the borrowed funds are necessary for the project, the excess could be reassigned to other town uses by town meeting.

In response to a question from Dee, Bob and Gail explained how the terms are set for each bond offering. Some provisions (like the term of years) will be determined by the Treasurer with input from the Select Board; others (like the actual interest rate) will be determined by the market at the time of the offering. Since there are certain fixed costs incurred each time a debt offering is made, it isn't advisable to break the borrowing up into too many small portions.

In response to other questions, Bob and Gail explained that the successful bidder does not "own" the final number in the bid and that there can be changes and overages. The process requires careful supervision throughout. They also explained that the construction contract will have to be awarded to the lowest bidder, which is one reason why the pre-qualification process for the general contractor, and all sub-contractors, is so important.

This portion of the meeting ended at 6:50PM, but the meeting remained in session in case there was an amendment made on the floor during the STM that required the Committee to meet and make a recommendation.

There was no need for the Committee to reconvene during the STM, so the meeting was adjourned when the STM adjourned at 8:40PM.

Respectfully submitted

Lois Wasoff, Clerk

## **Concord Finance Committee FY23 Meeting Schedule**

*as of January 23, 2023 – all dates are Thursday night 7:00pm unless otherwise noted*

### **2022**

**July 28 – regular meeting** ✓

*early August - Send request for info letters, including two metrics per July 28<sup>th</sup> meeting* ✓

**August 25 – regular meeting (remote only) cancelled** ✓

**September 22 – regular & Guidelines meeting** review preliminary 5-year budget projections (gross costs and net costs to Concord) ✓

*September 27 (Tuesday) - Joint meeting of Select Board & School Committee/Capital Planning Forum #1*

**October 13 – Guidelines meeting (Town & Schools)** - review final 5-year budget projections and vote preliminary guidelines ✓

**October 27 – regular meeting** ✓

**November 10 – Finance Committee Capital Planning Public Forum #2** ✓

**November 10 – regular meeting** (if needed) ✓

**November 17 – Guidelines meeting (Town & Schools)** – discuss/vote final guidelines ✓

**November 21 (Monday) - Guidelines meeting** (if needed) – vote final guidelines ✓

**December 5 (Monday) - Capital Planning Forum #3 joint meeting w/ Select Board+School Comm.** ✓

### **2023**

*January 4 (Wednesday) – ATM Warrant closes*

**January 19 Special Town Meeting** ✓

**January 26 – regular meeting**

*February 13 (Monday) – ATM Warrant mailed to households*

**February 23 – regular meeting**

*February 27 (Monday; backup 28<sup>th</sup>) – Select Board Public Hearing #1*

**March 1 (Wednesday; backup 2<sup>nd</sup>) - Public Hearing #2: Town & CPC**

**March 7 (Tuesday; backup 8<sup>th</sup>) – Public Hearing #3: Planning Board**

**March 9 (Thursday; backup 14<sup>th</sup>) – Public Hearing #4: Schools**

**March 15 (Wednesday; backup 16<sup>th</sup>) – Public Hearing #5: Enterprise Funds**

*April 4 (Tuesday) – deadline for recommendations on Articles*

*April 5 (Wednesday) – deadline for Finance Committee Report to printer*

*April 14 (Friday) – Finance Committee Report mailed to households*

*April 20 (Thursday) – deadline for PPT presentations and paper handouts for review & approval*

*April 24 (Monday) – Moderator’s staff meeting*

**April 30 (Sunday) – Annual Town Meeting (followed by May 1<sup>st</sup> through May 3<sup>rd</sup> if needed)**

**May 25 – regular meeting**

**June 29 – year end meeting**

## Finance Committee Members

as of 6/10/22

Andrews, Ray	2024		<a href="mailto:rayandrews@comcast.net">rayandrews@comcast.net</a>
Bhatia, Suresh	2025 Term 1		<a href="mailto:sbhatia@aconstructioninc.com">sbhatia@aconstructioninc.com</a>
Briggs, Margaret	2024 Term 1	Chair	<a href="mailto:peg.briggs@gmail.com">peg.briggs@gmail.com</a>
Cuocolo, Kathy	2023 Term 1		<a href="mailto:kcc.fincom@gmail.com">kcc.fincom@gmail.com</a>
Dahlberg, Eric	2024 Term 1		<a href="mailto:ericdahlberg@gmail.com">ericdahlberg@gmail.com</a>
Garofalo, Jon	2025 Term 1		<a href="mailto:johnagarofalo@yahoo.com">johnagarofalo@yahoo.com</a>
Guarriello, Greg	2025 Term 2		<a href="mailto:gregguar@gmail.com">gregguar@gmail.com</a>
Kumar, Amrith	2023 Term 1	Guidelines Clerk	<a href="mailto:concord.amrith@gmail.com">concord.amrith@gmail.com</a>
Kupka, Don	2023 filling 2yr		<a href="mailto:concordmarin@gmail.com">concordmarin@gmail.com</a>
Lis, Lyndsey	2025 Term 1		<a href="mailto:lyndseylis@gmail.com">lyndseylis@gmail.com</a>
Ortner, Dee	2025 Term 2		<a href="mailto:daortner@gmail.com">daortner@gmail.com</a>
Patel, Parashar	2024	Vice Chair & Guidelines Chair	<a href="mailto:pacoinconn@gmail.com">pacoinconn@gmail.com</a>
Reynolds, Christine	2024 Term 2		<a href="mailto:FinComCR@gmail.com">FinComCR@gmail.com</a>
Taylor, Brian	2023 Term 2		<a href="mailto:btaylor@cambridgeassociates.com">btaylor@cambridgeassociates.com</a>
Wasoff, Lois	2023 Term 1	Clerk	<a href="mailto:lwasoff.fincom@icloud.com">lwasoff.fincom@icloud.com</a>

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Matt Johnson	Select Board Observer	
Cynthia Rainey	School Committee Observer	
Kerry Lafleur	Interim Town Manager	<a href="mailto:klafleur@concordma.gov">klafleur@concordma.gov</a>
Dr. Laurie Hunter	School Superintendent	<a href="mailto:lhunter@concordps.org">lhunter@concordps.org</a>
Bob LeLacheur	Interim Finance Director	<a href="mailto:blelacheur@concordma.gov">blelacheur@concordma.gov</a>
Gail Dowd	Interim Finance Director	<a href="mailto:gdowd@concordma.gov">gdowd@concordma.gov</a>
Bob Conry	Ass't Superintendent Finance & Operations	<a href="mailto:bconry@concordps.org">bconry@concordps.org</a>

## Committee Assignments July 2022

Position	Name
Select Board	Peggy Briggs
Schools	Kathy Cuocolo
Schools	Eric Dahlberg
Middle School Building Committee	Suresh Bhatia
Middle School Building Committee	Chris Reynolds (backup)
Minuteman Vocational Tech	Brian Taylor
Board of Assessors	Dee Ortner
Retirement Board	Jon Garofalo
Municipal Light Plant	Chris Reynolds
Library	Brian Taylor
Recreation Commission	Amrith Kumar
Senior Services/Council on Aging	<i>to be determined</i>
Affordable Housing Trust	Ray Andrews
Concord Housing Authority	Ray Andrews
Concord Housing Development Corporation	Ray Andrews
Board of Health	<i>to be determined</i>
Economic Vitality Committee	Don Kupka
Planning Board	Don Kupka
Community Preservation Committee	Dee Ortner
Public Works Commission	Eric Dahlberg
Regional Dispatch Center Committee	Greg Guarriello