

**Town of Concord  
Finance Committee  
Meeting Minutes - February 13, 2020**

**Present:** Dean Banfield, Greg Guarriello, Mary Hartman, John Hickling, Richard Jamison, Dee Ortnier, Christine Reynolds, Brian Taylor and Andrea Zall

**Absent:** Peter Fischelis, Karle Packard, Parashar Patel, Wade Rubinstein, Phil Swain and Thomas Tarpey

**Others Present:** Select Board Chair Mike Lawson; Concord School Committee Members Wally Johnston and Cynthia Rainey; Concord School Superintendent Laurie Hunter; Minuteman School Committee Member Steve Ledoux; Concord Finance Director Kerry Lafleur; Concord School Director of Finance & Operations Jared Stanton; Minuteman Director of Finance Bob Gerardi; Minuteman School Business Manager Michelle Shepard; Resident Brian Foulds; Recording Secretary Anita Tekle

**Meeting Opened**

Mr. Banfield called the meeting to order in the Select Board Meeting Room at the Town House at 7:00 pm. He announced that the meeting was being televised and recorded by MMN.

**Approval of Minutes**

On a **MOTION** made by Mr. Hickling and seconded by Ms. Ortnier, the minutes of January 23, 2020 were unanimously **APPROVED** as amended.

**Review of Article 24 –FY21 Minuteman Regional Technical High School Budget**

Mr. Ledoux reported that the Minuteman School Committee has recently approved its FY21 budget. Mr. Gerardi reviewed the school’s FY21 budget, noting that the new school was built with program development in mind, so there is potential for program growth in the future. He reported that enrollment has increased (the largest freshman class in 10+ years), and it is anticipated that, given the high number of applicants for admission for the fall of 2020, the school does not anticipate accepting any new out-of-district (OOD) students next year. By FY24, it is anticipated that there will be no non-member students in the school.

The new building was completed one year ahead of schedule, and was constructed on budget. In FY20, non-member communities are required to pay a capital fee, which amounts to a total of \$904,000 in revenue which will be used to reduce the debt service in FY21. In the past, non-member communities escaped having to pay a capital cost. By FY24, it is anticipated that there will be little to no OOD students, so this capital fee offset will be gone. Concord currently has 25 students at Minuteman, with anticipation that Concord’s enrollment will increase to 29 in FY21. Mr. Gerardi reported that the school was built with the capacity for 628 students, although that number could go as high as 700. He anticipates that future freshmen classes will continue to be around 175.

Mr. Gerardi reviewed the major increases in the budget:

Category	Amount of Increase	Comment
District Technology	\$120,428	More equipment needed for large freshman class

Regular Transportation	\$149,246	Increased transportation cost due to increased enrollment
Athletic Services	\$68,368	Field rental cost since new fields will not be completed for one more year—old building must be demolished to provide for fields
Health Insurance	\$441,379	Cost increase due to new employees added for higher enrollment
Debt Service Prior Bonds	\$1,062,769	
Debt Service New Bond	\$414,783	

Mr. Gerardi reviewed the FY21 budget drivers:

- Health Insurance—8% increase; increased staffing with increased enrollment; negotiating contracts
- Salary COLA/Lane Increases (historically 2-3%)
- Staffing Totals (considering increased enrollment)—net professional staff decrease of 2.75 FTE; note that 50% of students are SPED
- Transportation Contract (Invitation for Bid scheduled for March)
- Security Services Contract (Invitation for Bid scheduled for February)

Concord’s assessment is projected to be \$1,213,873 in FY21 (vs. \$1,073,368 in FY20). This represents an increase of 13.09%, and is based on a 4-year rolling enrollment average, as well as \$58,602 increase in capital assessment. In response to a question from Ms. Ortner, Ms. Shepard indicated that Minuteman sponsors some summer programs and a robust evening program for adults. She also noted that Minuteman generates income in the summer by renting out its facilities to summer camps. Mr. Guarriello asked whether Arlington’s new high school will impact its reliance on Minuteman for vocational education. Mr. Gerardi responded that Arlington’s enrollment at Minuteman has been increasing, so he felt it is unlikely that they will decrease enrollment in the coming years. He also noted that if an in-district student desires a vocational program that is not offered at Minuteman, but is offered elsewhere, then the sending community is required to pay tuition for that student to attend the desired school, if space is available.

**Review of Articles 25-29 –CPS and CCRSD Budgets & Capital Projects**

Mr. Banfield reported that responses by school personnel to the follow-up questions about school issues that were raised at the October 24 and November 21 meetings were received and distributed in an email from Ms. Lafleur. In a question about the calculation of FTEs, Mr. Stanton noted that numbers prior to FY19 are not reliable since some positions were split between CPS and CCRSD and calculations of FTEs were imprecise. Going forward beginning in FY21, he expects to be able to provide reliable information. It was noted that the CPS budget saw a significant salary reduction beginning in FY19 due to early retirement incentives offered starting in FY18. There were 51 teacher retirements in CPS from FY11-FY20 and 22 teacher retirements in CCRSD during that same period. Dr. Hunter remarked that there are no plans to offer early retirement incentives in the near future.

Mr. Banfield noted that there is still a gap of approximately \$97,000 between the CPS proposed budget and the Finance Committee (FC) guideline. He explained that when

the FC establishes the guideline, it looks at the economy, the market, and how the Town is doing economically. He feels that the guideline was reasonable, and reflects the understood move down to the Sustainable Growth Rate. He noted that the Town budget has always come within the guideline. He expressed disappointment that the School Department (SD) could not find \$97,000 in a \$40 million budget, and hopes that the SD can come to Town Meeting in agreement with the guideline. He asked whether education in Concord will really suffer with a budget reduction of \$97,000.

Dr. Hunter commented that she knows where every dollar is going with zero based budgeting, and the \$97,000 will equate to the loss of something. She would not feel comfortable coming in with a lower budget number. She requested that the guideline be increased to reflect the anticipated increased Ch. 70 funds and the fact that the CCRSD budget came in below budget. Mr. Banfield responded that there is no alignment with State Ch. 70 funds, which are given to communities to assist in meeting school costs. Concord spends far in excess of the minimum required, and Ch. 70 funds are only a small portion of school budgets, so the Ch. 70 increase is irrelevant. Dr. Hunter noted that the high school budget is under the guideline, and she assured the FC that the SD is only asking for funds that are needed. Mr. Banfield noted that the FC had put aside, outside the guideline amount, funds to adjust for the CCRSD enrollment shift. Mr. Hickling questioned how the CPS budget could be considered a “level service budget” when the numbers have increased. He suggested that the budget has a lot of flexibility and that the guideline could have been met. The FC spent a lot of time getting both the guideline and SGR “right.”

Middle School Building Dr. Hunter indicated that the MSBA application process deadline is April 10. The School Committee (SC) has discussed the option of submitting a Statement of Interest to serve as a safety net to ensure that the MSBA funding option remains open to Concord. She is no more hopeful than in the past that Concord will be successful (after two failed attempts). She agreed that if a fall special town meeting were to approve funding a new middle school prior to December 2020, then MSBA funding would most likely be off the table (i.e., they would deny Concord’s request). She offset that risk with the danger of increased costs if Concord were to wait. If the September town meeting date is missed, then she feels that the winter would be lost, and the project could not start until the spring of 2021. This would create problems down the line with missed deadlines. She is hoping to have the new school occupied by the fall of 2023. The SC intends to recommend to the Select Board (SB) that a special town meeting be called for September 2020, to be followed by a special election.

In response to a question from Ms. Zall about enrollment, Dr. Hunter indicated that Willard has 420 students; Alcott has 480 students; and Thoreau has 450 students. Students at the MEWS are currently being sent to Alcott, and she anticipates that they will be redistricted to Willard going forward. Ripley School houses administrative offices, four classes of the integrated preschool program, and a special education program for 18-22 year old adults. In addition, the Concord Children’s Center rents space at Ripley from the Town. Ms. Zall asked whether sixth grade students could move to the elementary level on an interim basis. Dr. Hunter responded “No,” since Concord has adopted a middle school model of Grades 6-8.

Ms. Ortnier inquired whether any other school received MSBA funding after receiving funding authorization from the community. Dr. Hunter was not aware of any such schools. She also indicated that Concord has not seriously been in the running for the past two application rounds, and she doesn't see that changing; there will be 70-80 applications, with 12-15 projects approved for funding. Mr. Hickling reported that he had looked at the breakeven analysis of an \$85 million project with an MSBA reimbursement rate of 30%, and this suggests that Concord could wait 4-5 years for MSBA funding without losing money. Dr. Hunter responded that there is a construction cost increase of 5-7% annually, plus the education cost of waiting. Mr. Stanton noted that the MSBA reimbursement rate is currently in the "teens" and not close to 30%. Dr. Hunter noted that not all of what the "wants" of a new middle school will be eligible for reimbursement by MSBA.

Mr. Banfield reported that he had received a letter from a SB member who wrote as a citizen, asking how we calculate the operating savings/economic benefit against the increased capital cost of waiting. Mr. Stanton responded that the Schools are looking at a 20-25% energy savings in FY22. Ms. Zall reported that she had attended a meeting this past week, at which an individual questioned the wisdom of acquiring electric buses, given the fact that many of the diesel buses are partly empty. Dr. Hunter responded that the cost of empty vs. full buses is low. She questioned whether electric buses would be any more fully occupied.

Article 28—High School Capital Costs—Dr. Hunter reported that the SC (on a 4-3 vote) plans to request funds for construction of a new parking lot at the high school. There are no plans to bring up the issue of roadway improvements at this time, since parking is a priority. There is concern about the wellness and mental health of the students, and the stress that the lack of parking spaces causes for students, parents, faculty, and administrators. The SD recognizes the sustainability issues that this project raises. She anticipates being able to display the "big picture" at town meeting, and will request that the parking pressures be separated from sustainability. There are already restrictions due to impervious surface limitations. When asked by Ms. Hartman how these two issues can be separated, Dr. Hunter responded that students still drive to school and park in other places. This is a long-term issue which will require changing behaviors and the culture of adults and students alike. Mr. Johnston remarked that there were about 527 parking spaces at the old high school. He does not believe that there was a conscious decision to decrease the number of spaces when the new building was constructed, since there was ongoing discussion at the time about the future of the former landfill at the high school.

Mr. Banfield suggested that it would be helpful, given last year's failure with the town meeting vote, to hear what the SD is doing to address the climate crisis. He commented that behaviors will not change as long as a student can still drive a car to school. He feels that fundamental changes in behavior will be necessary at all levels if we as a community seriously address the climate crisis. Dr. Hunter responded that a long-term cultural shift is required, which includes adults in on the conversation. The goal is to make riding the bus a more attractive or "cool" alternative. In response to a question from Mr. Taylor, Dr. Hunter indicated that there are currently 230 student spaces available for about 300 seniors. All seniors who wish to have a parking spot may obtain

one. He asked how the issue of not having a parking spot creates a mental crisis for students. Dr. Hunter responded that a large group of students are struggling with depression and anxiety, and many students are acutely challenged. The parking issue is becoming a crisis for many. Students without spots arrive to school 90 minutes early to park on nearby Laurel Street or other area streets. This negates the later start for students that was initiated last year, and the level of concern among administrators and teachers is extraordinarily high.

Mr. Guarriello asked how many spaces would be needed if all students who want one were to obtain a space. Dr. Hunter responded that a firm number is unclear, but there are about 150 juniors who cannot currently obtain a space, and they gradually age into driving during the year. Ms. Ortner commented that the issue of cost savings was mentioned last year as a plus of combining the parking and roadway projects together. Dr. Hunter responded that the parking lot is a priority, and could be sequenced so that the drainage of the parking lot would fall onto the “beat up” driveway vs. a newly remodeled driveway. Mr. Hickling suggested that the issue of addressing the climate crisis could be noted if a few buses were to be taken off the road, to offset the increased number of parking spots. Dr. Hunter responded that the level of service expectation is high, and fewer buses mean longer routes and more stops. While some money could be saved, the community would be upset with the longer routes/rides. The expectation is that bus routes be no longer than 30-45 minutes. The fact that Concord owns the buses makes transportation more cost effective. In response to a question from Mr. Guarriello, Dr. Hunter indicated that there would be minimal additional operating costs for a new parking lot. Parking fees are used to offset security and parking monitoring. Mr. Stanton noted that the snow removal contract is \$42,000 at the high school, with no breakdown on roadways/parking areas. Ms. Hartman expressed a hope that the SC and SD learned lessons from the high school when planning the new middle school. Dr. Hunter indicated that she had learned that decisions need to be made in public, with a lot of input from many people. She felt that the public was not well informed about the high school project.

Mr. Banfield inquired whether the pros and cons of assigning specific spots to students had been considered. Dr. Hunter noted that students are selling spots when they are absent, and other issues have trickled down from the assigned spots. She noted that there has been considerable brainstorming about the possibility of sharing spaces.

Article 29—Middle School Stabilization Fund Ms. Ortner noted that if we fund all requests for the use of free cash, then the balance will fall to about 7%. She inquired whether the \$2 million request in Article 29 should be reduced. Ms. Hartman commented that moving funds to a stabilization fund to reduce the spike in debt that will be caused by a new middle school is a good use of free cash. Mr. Banfield noted that we are already behind schedule with funding the stabilization fund, given what we did in the past with the elementary and high schools. Mr. Hickling suggested that the number could be even higher, and he supports moving more free cash funds into the stabilization fund in the future. When asked how the \$2 million figure was chosen, Mr. Banfield responded that the number was in line with what was done for the high school, although the anticipated expenditure for the middle school will be higher. He emphasized that free cash may not fall below the 5% floor.

Article 30—Healthy School Buses Brian Foulds, the petitioner for Article 30, explained that the goal is to fill the funding gap for buses between what is available from the VW settlement grant program, and what is needed to acquire two electric buses. The grant offers 80% funding, with a cap of \$500,000. The SD has appropriated \$200,000 for new buses in the CPS capital budget. The cost of two new electric buses plus related infrastructure is about \$900,000. Article 30 will fill that gap. He noted that the SD currently leases 5-6 diesel buses. If this article is approved, then this will be changed to two electric and three diesel buses. Mr. Foulds noted that VW grant funds will be available until the funds run out. Ms. Hartman questioned why this request did not go through the normal budget process, given that bus delivery would not be for two years. Dr. Hunter responded that given the budget limitations, she was not willing to have a fleet of electric buses compete with funding for education. Mr. Banfield noted that the CPS budget is already \$97,000 above the guideline, and with this article, it would be \$297,000 above. Mr. Foulds noted that he brought it forward through the petition process, since he was unable to get it through the normal budget process.

There was some discussion about the infrastructure and charging station that would be required with additional electric buses. It is currently unclear whether the Light Department would be able to pay for the trench that would be required. Dr. Hunter commented that this article is an accelerated way to increase the electric bus fleet. If the Town wishes to go this route, then the SD will actively participate. Ms. Hartman expressed a preference that this had come through the SD, and not by petition. It was noted that electric buses would only be used by CPS, since Carlisle would not be involved with funding. Mr. Foulds commented that timing is critical due to the availability of the VW grant funding, which will eventually go away. While it is available, he hopes that Concord can acquire two electric buses/year. He noted that while the original electric bus had a driving range of 70 miles, the newer versions can travel for up to 120 miles. The technology is maturing. Mr. Foulds commented that the trenching and infrastructure costs are high (\$50-\$60,000), and it is more cost effective to have this work done all at once, even though the buses won't be delivered for another year. It was noted that if Article 30 doesn't pass, then CPS will obtain one electric bus with funds from the anticipated VW grant.

### **Chair's Report**

Mr. Banfield noted that two items on the "follow-up" list have been completed, as indicated in the memo received from Dr. Hunter and Mr. Stanton. Mr. Banfield reported on his attendance at a recent SB meeting, which was attended by Town Appraiser Lane Partridge and Grantham Group's Managing Director Walter Ohanian. At that meeting, Mr. Ohanian indicated that if the TIF agreement is not approved, then the project will not proceed. The tax assessment for the project will be approximately \$180,000/year. The project budgeted \$75,000 (\$40,000 for property taxes and \$35,000 for a ground lease payment to CHDC), which leaves a gap of \$105,000/year. They are asking for a reduction in tax assessment for 20 years. Mr. Ohanian noted that the mortgage costs will decline after 20 years, at which time he plans to refinance in order to increase his cash flow. Mr. Hickling questioned why they are requesting a static deal—why not have the reduction in taxes lowered or eliminated after a few years. Ms. Reynolds commented that if the budget numbers no longer work for the Grantham Group, then perhaps the Town should seek a different developer for the land. It was noted that 30

jobs will be created by the project, and value will be created for the site, which is currently not being used.

### **Observer Reports**

Ms. Hartman reported that she had attended the LWV First Friday session on the new Middle School, at which an education vision presentation was made by Dr. Hunter. She felt that what is being proposed for the new school is amazing. The timing is aggressive, and there is a lot of town support for moving forward with the project. She does not feel that there is support to delay the project by waiting for possible MSBA funding. There is a hearing scheduled for February 27.

Board of Health (BOH)—Mr. Guarriello noted that the BOH has received grant funds to assess whether tobacco products are being sold to underage customers. Further restrictions and heftier fines are under consideration. There is currently no discussion about the implications for increased legal costs. He noted that the Manager of the 7-11 Store has taken initiatives to remove tobacco signs from the store.

Public Works Commission (PWC)—Mr. Jamison reported that the Cambridge Turnpike project is anticipated to be completed prior to the first snow fall next year. The PWC is concerned about the proposed zoning changes and the possible impact these will have on wastewater.

### **Correspondence**

Mr. Banfield noted that the FC received copies of correspondence about Estabrook Road that was sent to the Town Manager and/or SB.

### **Miscellaneous**

Mr. Hickling suggested that FC members look at the debt service information that is available on ClearGov. Mr. Hickling agreed to send links for the total debt and total debt service for Concord's peer groups. There was a brief discussion of Concord's debt policy, which is that 2-3% of debt is paid out of the operating budget. The remaining larger projects are paid within the levy limit, up to 5%. In looking at page 43 of the budget book, the calculation does not align with the policy. While debt service appears to be within the correct range, Mr. Hickling is concerned that the debt outlay is not integrated with debt service. He agreed to meet with Ms. Lafleur to clarify this discrepancy.

Next meeting: Thursday, March 5.

### **Adjournment**

The meeting adjourned at 9:50 pm.

Respectfully submitted,

Anita S. Tekle  
Recording Secretary

Documents Used or Referenced at Meeting:

- Handout from Minuteman School on the FY21 Budget
- Fin Com Town Meeting Planner

- FY21 CPS Budget Request—Breakdown of the 2000 Series
- FY21 CCRSD Budget Request—Breakdown of the 2000 Series
- Concord Teachers Assoc. & Concord-Carlisle Teachers Assoc. Retirements FY11-FY20
- Email Responses from Dr. Hunter & Jared Stanton to outstanding questions of FC (dated 2.13.2020)