

**Town of Concord  
Finance Committee  
Meeting Minutes - March 14, 2019**

**Present:** Thomas Tarpey, Dean Banfield, Peter Fischelis, Mary Hartman, John Hickling, Richard Jamison, Karle Packard, Christine Reynolds, Phil Swain, and Andrea Zall

**Absent:** Grace Hanson, Scott Randall, June Rzepczynski and Brian Taylor (one vacancy)

**Others Present:** Select Board Chair Tom McKean; School Committee Members Heather Bout and Robert Grom; School Superintendent Laurie Hunter; LWV Observer Ardis Bordman; Resident Miguel Echavarri; Finance Director Kerry Lafleur; Recording Secretary Anita Tekle

**Meeting Opened**

Mr. Tarpey called the meeting to order at 7:07 pm in the Select Board Room at the Town House. He noted that the meeting was being recorded and broadcast live on MMN.

**Approval of Minutes**

It was agreed to postpone approval of minutes.

**Review and Vote on Recommendations for 2019 Annual Town Meeting**

Article 14—Concord Middle School Feasibility Study Ms. Lafleur had distributed with the agenda packet information about the Town's debt history and the potential impact of a \$90 million middle school on the Town's total debt. Mr. Swain noted that the Town's existing debt peaks in FY20. In reviewing the amount of school debt among Concord's peer communities, Concord currently ranks 3<sup>rd</sup> of eight communities (Acton, Boxborough, Carlisle, Concord, Lincoln, Sudbury, Wellesley, Weston), with \$68,878,043 in liability for outstanding school debt. He noted that Lincoln (ranked 1<sup>st</sup>) and Wellesley (ranked 2<sup>nd</sup>) had both recently built new schools. If Concord were to build a new middle school without MSBA assistance, then this would add an estimated \$90 million to Concord's debt and would be more than double that of our peer communities.

In reviewing the Town's total debt chart from 1992-2018, Mr. Swain noted the instances when there were debt rescissions of unissued borrowing (i.e., when a project cost came in under appropriation and the excess funds were not borrowed, so the borrowing authorization was rescinded). He was concerned about what would happen to any surplus authorization for a new middle school. He suggested that the funding request for Article 14 (Middle School Feasibility Study) be reduced to just fund a feasibility study, and not provide funding for a schematic design. In a memo made available to the

Finance Committee (FC), Jared Stanton, Director of Finance & Operations, provided a cost breakdown of the \$1.5 million requested in Article 14:

- Owner's Project Manager (OPM) -- \$300K
- Feasibility Study -- \$400K
- Schematic Design -- \$500K
- Hazardous Materials Assessment, Geo-environmental Engineering & Contingency -- \$300K

Ms. Reynolds was concerned about what would happen if the feasibility study identified issues with the site—would the extra funds be returned to the Town? Mr. Swain commented that the School Department doesn't have a good history of returning surplus funds to the Town, although he noted that this project would be under the direction of the Building Committee. Mr. Hickling was concerned that the estimates provided by the School's consultant (Finegold Alexander Architects) are not consistent with estimates available on the MSBA web site. He felt that the School consultant's estimates are high, and he advised that we proceed cautiously. Mr. Jamison suggested that the projects be separate, with the feasibility study conducted first. It was noted that the Town of Leicester had appropriated \$750K for a middle school feasibility study last spring, and returned in January to request \$500K for the design.

Dr. Hunter noted that under the MSBA process, the feasibility study is done to determine what kind and type of building will be constructed, and where on the lot it could be located. In order to determine that, the environmental piece needs to be done, so it is preferable to package those components. Once that is completed, then the schematic design could be done, with enough of a conceptual design included to calculate the costs. Following completion of these components, then both the design and the construction funding request could be brought to town meeting for approval. She noted that this would all be done under the guidance of the building committee. In response to a question from Mr. Packard, Dr. Hunter noted that the above would be completed as a two-step process, with two contracts issued. Dr. Hunter noted that the scale and slope of the land defines what can be built on the space. She also noted that the feasibility study includes a space study, based on the school's education program. Mr. Banfield asked whether the Schools have an education program to inform the study. Dr. Hunter responded that she has conducted a visioning session, and she feels that the feasibility study could be completed.

Ms. Zall inquired about the drawings completed by Finegold Architects. Dr. Hunter responded that those drawings were not based on any facts, but were rather a "high premise" of what a new school building could look like on the Sanborn property. This design is by no means sufficient or detailed enough for a schematic design. The Finegold design was only used for information purposes to inform the current process. Mr. Packard noted that the Finegold study included details about the existing conditions of the two middle school buildings, so it went beyond a high level review. Ms. Hartman

commented that she doesn't have a problem with building a new middle school, but she questioned what we would be building—a good, very good, or super school? She was concerned that the design would be for a building that the community would not be willing to fund. Dr. Hunter responded that the building committee would be established by the Town, and this group would have the final say on the design to bring to town meeting for funding.

Mr. McKean noted that the charge for a Middle School Building Committee is being drafted by the Town Manager and will be reviewed by the Select Board at its March 18 meeting. Public input will be invited prior to any approval. Mr. Fischelis emphasized the need to be clear about separating the components of Article 14—what would the negative aspects be? Dr. Hunter responded that time would be lost, and there would be a need to return to town meeting for an additional vote and funding request in the future. She was concerned about the timing gap, which will only drag out the process and increase the cost. Mr. Swain was concerned that the School Committee is giving up on the possibility of MSBA funding. He said that it is inaccurate that MSBA doesn't fund affluent communities like Concord. He noted that the average cost of a feasibility study, per the MSBA's web site, is \$500K, plus \$105-365K for the OPM. He suggested that we look at the MSBA numbers, and not inflate the cost. Dr. Hunter responded that she has looked at the MSBA numbers, and the \$1.5 million request is an informed one.

Mr. Fischelis did not support pulling the components apart, noting that the need for a new middle school was discussed ten years ago. The timing and debt scheduling are the real issues, with the cost of waiting taken into consideration. He would feel more comfortable if the information were vetted by a group outside of the School Committee and FC. Mr. Hickling noted that Concord is starting at a high level that is 135% above our peer group for debt, and he suggested that we slow down the process. He felt that Mr. Swain's suggestion to only fund the feasibility portion was a good compromise. Mr. Fischelis was concerned about the high cost of waiting (\$8 million/year estimate). More information is needed in order to make an informed decision about waiting.

Mr. Swain commented that requesting funds for a feasibility study/schematic design now may not be received well politically, partly due to representations made in recent years that a new middle school could await 15-30 years. Mr. Banfield noted that we as a town have not financially prepared for a \$90 million borrowing, and no funds have been put aside in a stabilization fund to mitigate the cost impact of a new middle school. He felt that this discussion needs to happen first. Mr. Hickling commented that there is a possibility that the Peabody School site could be monetized to offset the cost of a new middle school, and this could be incorporated into the financial planning. In response to a question, Ms. Lafleur indicated that for Town non-building projects, we have a debt policy to pay off 60% of the debt in the first five years, and 40% paid over the second five years. State law allows for a maximum borrowing time of 30 years, although

Concord borrowed funds for 20 years for the three elementary schools and for 25 years for the high school debt repayment. She indicated that the tax impact of a \$90 million borrowing on the median house would be \$1,100/year (c. 8% increase/year).

Mr. Tarpey noted that the discussion of the debt impact of a new middle school was first discussed in late January, with the importance of considering this project in conjunction with other proposed Town projects. The FC has suggested that the Select Board appoint a capital planning committee to prioritize all planned capital projects. There is a need for the Town to face the totality of the projects and plan accordingly over several years. A decision on the middle school cannot be made in a vacuum, and must be considered in conjunction with other Town needs. Dr. Hunter emphasized that it is the job of the School Department/Committee to advocate on behalf of students, and it is the job of the FC to look at the larger picture. Mr. Packard suggested that pro-active planning seems to be the caboose—we are setting up a building committee for a new middle school, while we have not established either a capital planning committee or a permanent building committee. He noted that the text of the warrant was not clear as to what other components are included. He commented that the schematic design generally includes specifics of mechanical systems, etc., and there would generally be a break following the feasibility study. He questioned how a separate design firm could come in and work with another firm's schematic design to prepare the final design. Ms. Reynolds suggested that the FC push for the preparation of a capital plan, noting that we last completed one in 2002 and we as a community did not have the discipline to follow it.

Mr. Swain made the following **MOTION**, which was seconded by Mr. Hickling: to recommend Affirmative Action on Article 14 in the amount of \$750,000 for the preparation of a basic feasibility study and the Owner's Project Manager, to allow the project to move forward.

Mr. Echavarri commented about the original language in the warrant, which is inconsistent with what is being proposed by the School Committee—the article only references a feasibility study. He was concerned that the voters will not be adequately informed of what is being requested, and that the School Committee is steamrolling this project ahead. He supports Mr. Swain's suggestion that the funding and scope of the article be reduced. Dr. Hunter responded that the motion that will be made at town meeting is still under review, and she will be meeting with the Town Moderator.

Ms. Bout, speaking on behalf of the School Committee, acknowledged that there is confusion in the use of the term "feasibility study." She said that the School Committee has been trying to get the word out that the proposal is to fund both a feasibility study and a schematic design. The School Department already funded a study as to whether a new building is needed, citing the Finegold report completed in 2017. The feasibility

study is to consider how we build a middle school on the Sanborn site, and this requires funding of \$1.5 million. She emphasized that the term feasibility study, as used by the School Committee, includes a design.

Mr. Packard noted that at the conclusion of a feasibility study, a design team would normally be brought in to develop a budget and design. The first step of this process would be to prepare a schematic design. He questioned the sequence being proposed by the School Department, with one firm preparing the schematic design and another firm hired to prepare the final design, using the calculations prepared by the first firm. He did not feel that this is either realistic or cost effective.

Ms. Reynolds asked whether residents understand that there is a need for a new middle school. Ms. Hartman commented that the School Committee has apparently made this decision and they are just now telling the FC and the Town, while simultaneously requesting funding. Mr. Banfield noted that the Finegold study provided the needed information to request MSBA funding. Mr. Swain questioned whether requesting funds for a design of a new middle school is within the scope of Article 14, which just references a feasibility study. Dr. Hunter responded that she has discussed this issue with the Moderator. Mr. Fischelis expressed support for Mr. Swain's motion, agreeing that what is included in the warrant is confusing. Mr. Banfield noted that the School Committee or Building Committee could return to a future town meeting to request design funds. Mr. Tarpey noted that he was initially leaning against Mr. Swain's motion, but has been swayed by the discussion, in light of the fact that the School Committee cannot identify or explain the sequencing of what steps need to happen going forward.

A **VOTE** was then taken on Mr. Swain's **MOTION**, which **PASSED**, with 8 voting in favor and 2 opposed (Hartman, Reynolds).

Article 18—General Bylaw Amendment—Sustainable Growth Rate (SGR) The following **MOTION** was made by Ms. Hartman and seconded by Mr. Swain: To not move Article 18 at town meeting. During the discussion, Ms. Hartman expressed a desire to take some action on this issue in the future, but she felt that it was problematic and imprudent to move the article at this time. Mr. Swain agreed that the SGR is a worthwhile concept, and suggested that a brief explanation be made at town meeting, either at the beginning of town meeting, or prior to the Town Budget discussion. This would provide an education to the public about the need to curtail costs going forward. Mr. Packard noted that there have been town meeting precedents allowing for a presentation by the proponents when a warrant article is not being moved.

A **VOTE** was then taken on Ms. Hartman's motion, which unanimously **PASSED**.

Article 22—Community Preservation Committee Mr. Packard recused himself from the meeting for this article, and left the room. On a **MOTION** made by Mr. Swain, seconded

by Mr. Jamison, it was unanimously **VOTED** (with 9 in favor) to recommend Affirmative Action. Mr. Packard then returned to the room.

Article 24—Authorization to Accept MGL c. 44, §55C—Municipal Affordable Housing Trust

It was noted that this article would provide a repository for any funding that is received under the other affordable housing articles. In response to a question from Ms. Hartman, it was explained that the Concord Housing Development Corporation is mentioned in Article 24, although it is a private, non-profit entity, and its funds are not controlled by the Town. On a **MOTION** made by Mr. Fischelis and seconded by Mr. Packard, it was **VOTED**, with 7 voting in favor and 3 abstentions (Swain, Zall, Hickling) to recommend Affirmative Action.

Article 25—Authorize Special Legislation—Real Estate Transfer Tax for Affordable

Housing Mr. Swain made a **MOTION** that was seconded by Mr. Hickling to recommend that **NO ACTION** be taken on Article 25. During the discussion Ms. Hartman supported bringing Article 25 to town meeting to allow the voters to decide. Mr. Packard noted that a number of exemptions are included which respond to the questions that have been raised about this article. Mr. Hickling noted that the State is considering adopting a 1% real estate transfer tax to fund climate change initiatives. Mr. Banfield noted that with four affordable housing articles on the warrant, a total funding request of \$4-5 million/year is being made, which he feels is a very big “ask.” He prefers that a smaller number be considered. He suggested dialing back the request under Article 25 to 0.5%. He was concerned that this article raises a lot of money from a select cohort of residents.

Mr. Banfield made a **MOTION** that was seconded by Mr. Packard to recommend Affirmative Action on Article 25 at a reduced level of 0.5%. Mr. Swain withdrew his earlier motion, and Mr. Hickling withdrew his earlier second. Ms. Reynolds did not feel that the amount of the tax is the issue—it is still being requested from a small number of people, and will result in a decrease in real estate values for everyone (since buyers can look in other communities without a real estate transfer surcharge). Ms. Hartman commented that the proposal affects the seller, even though it is written as impacting the buyer. She feels that prices will have to be lowered to account for the surcharge.

A **VOTE** was then taken on Mr. Banfield’s motion, which **PASSED**, with 6 voting in favor and 4 opposed (Fischelis, Hickling, Swain, Reynolds).

Article 26—Authorize Special Legislation—Building Permit Fee Surcharge for Affordable

Housing On a **MOTION** made by Mr. Swain and seconded by Ms. Hartman, it was **VOTED**, with 9 voting in favor and 1 opposed (Reynolds) to recommend Affirmative Action.

Articles 38-45—Enterprise Funds Mr. Hickling made a **MOTION** that was seconded by Mr. Jamison to recommend Affirmative Action on these articles. During the discussion, Mr. Banfield suggested that in future years, he would like to see the Light Plant be more forthcoming about its unrestricted cash balance. While the number was provided verbally at the hearing (\$8 million), he would like to see more details in the presentation. Ms. Lafleur noted that the Light Plant is audited annually, and its fiscal year is on a calendar year. The audit is presented to the Audit Committee, followed by a presentation to the Select Board. She noted that the CY17 audit is available online.

A **VOTE** was taken on Mr. Hickling's motion, which **PASSED** unanimously.

### **Finance Committee Report**

It was noted that the Finance Committee report is in good shape, with the exception of the sections on CPS and CCRSD. The report is going to the printer on Monday. Mr. Swain noted that a number of FC members have been observing the School Committee meetings, and he suggested that the task of writing up the CPS and CCRSD portions of the FC Report be delegated to these observers—Mr. Tarpey, Mr. Banfield, Ms. Rzepczynski, Mr. Packard, Mr. Hickling, and Mr. Swain. Mr. Banfield agreed to write up the introduction to the CPS budget and the \$900K capital plan. Mr. Hickling agreed to write up Articles 14 (middle school) and 16 (CCHS capital projects). Mr. Swain agreed to write up the introductory paragraphs for the CCHS budget, including comments about E&D vs. OPEB funding and the buy vs. lease of laptops. Mr. Tarpey agreed to write up an explanation of what was being proposed under Article 18 (SGR), without including the Randall curve.

### **Committee Comments**

Mr. Tarpey expressed a concern that we are masking the growth in Town expenditures when other funding sources are not include in the Guideline, such as Stabilization Funds and other funds. He expressed particular concern about the use of the MEWS Stabilization Fund for personnel costs rather than capital. He noted that Town Manager Whelan responded in a memo that this has been the Town's past practice. Mr. Jamison expressed concern of the construction cost of the loop road at the high school. He discussed the issue with the Town's Public Works Director, who casually looked at the site and came up with a different calculation of the cost. He noted that the number of cubic yards identified by the School's consultant was significantly higher than the number identified by the Town, suggesting that perhaps the road is being widened. The other possible reason for the high cost is that a much thicker road surface is being proposed by the Schools than would be recommended by Mr. Reine for a loop road—5" of gravel topped with 4" of asphalt. Both of these issues would account for the perceived inflated cost.

### **Adjournment**

The meeting adjourned at 9:15 pm.

Respectfully submitted,

Anita S. Tekle  
Recording Secretary

**Documents Used or Referenced at Meeting:**

- 2019 Annual Town Meeting Warrant
- Memo entitled "Transitioning Our Electricity to Renewable Sources Using RECs (dated 2.12.2019)
- Working Chart on Finance Committee Recommendations on Town Meeting articles
- Draft five-year projection of real estate taxes (to be included in FC Report)
- Memo from Johanna Boynton to Tom Tarpey & Dean Banfield providing updated information on Article 14 (dated 3.14.2019)
- Memo from Jared Stanton to CPS Committee RE: Cost of Feasibility Study & Schematic Design (dated 3.14.2019)
- Information from Kerry Lafleur on the impact of town meeting spending on tax bills; borrowing authorizations approved by town meeting 1992-2018; chart on the impact of existing exempt debt on the average household FY19-FY28; and a comparison chart of outstanding school debt of Concord and 7 peer communities