

Concord Finance Committee FY17 Budget Guidelines

**Annual Town Meeting Coordination
December 5, 2015**

Context

- Outlook for national growth is positive, but remains subject to ongoing risk and uncertainty
- Massachusetts economy and outlook for state aid is stable
- Concord has experienced increased development activity, and growth in real estate valuations. Residential growth impacts demand for town and school services.
- Concerns about cumulative impact of tax increases on citizens, particularly for those with fixed and/or low incomes
- Preserve future fiscal flexibility by maintaining unused Proposition 2 ½ Levy Limit capacity

Budget Drivers Include

- Town
 - Salary increases
 - Staffing for a 2nd ambulance in West Concord to meet increasing demand for public safety
 - Additional inspection services and necessary capital expenditures
- Schools
 - Salary increases
 - Student growth at Integrated preschool and CCHS
 - Educator evaluation system & new student discipline regs
 - Increase in OPEB funding at CCRSD
 - Bus replacement schedule

Assumptions Made

- Guidelines were set with the following assumptions
 - \$1,000,000 allocated from Free Cash
 - \$409,878 allocated from the Thoreau School MSBA grant
 - \$1,000,000 allocated from the Town's HS Debt Stab. Fund
 - \$465,500 from Electric Fund to General Fund (e.g., CMLP PILOT)
 - State aid receipts in FY17 consistent with FY16 levels
 - New growth projected at \$900,000
 - Minuteman Voc. Tech FY17 assessment est. at \$500,000
- Target Free Cash retention at 10% of total budget

FY17 Budget Guidelines

Operating Budget	FY2014	FY2015	FY2016	\$ Increase	FY2017	% Change
Town	19,474,013	20,564,013	21,214,013	800,000	22,014,013	3.77%
Concord Public Schools	31,140,538	32,440,538	34,542,735	1,117,376	35,660,111	3.23%
CCRSB (Concord only)	15,356,221	15,856,221	16,556,221	478,784	17,035,005	2.89%
Operating Budget	65,970,772	68,860,772	72,312,969	2,396,160	74,709,129	3.31%
Other Accounts <i>(page 10 of memo)</i>	14,073,267	14,828,948	16,288,536	(244,536)	16,044,000	(1.50) %
Excluded Debt Service	6,176,300	6,354,473	7,720,712	(28,176)	7,692,536	(0.40) %
Total Budget Plan	\$86,220,339	\$90,044,193	\$96,322,217	\$2,123,448	\$98,445,665	2.20%

Proposed Guideline

- Guideline allocations are below budget requests of Town but at the request levels for CPS, and CCRSD
- FY17 property tax levy will rise \$3,334,788 or 4.10% over the levy for the current year, FY16 (*page 14 of memo*):
 - 2.41% Increase on existing taxpayer base
 - 0.58% Change in excluded debt levy
 - 2.99% Change in levy from current tax payers
 - 1.11% Project new growth
 - 4.10% Change in total levy
- Total projected levy remains \$3 ,208,579 below the Proposition 2 ½ Levy Limit

Tax Bill Impact

- FY 2016 projected increase is 2.99% on base
- \$42 per each \$100,000 of assessed value
- Based on the median FY 2016 single family assessed value of \$798,000, the FY 2017 median tax bill will
 - increase \$332, over FY 2016
 - representing a total median tax bill of \$11,441

Note:

Benchmarking reveals Concord's FY 15 tax rate is lower than many surrounding towns and other Massachusetts communities with Aaa bond rating

About \$40.50 per \$100,000 of assessed valuation

Looking Ahead

- Debt service for bonded debt for the new high school is expected to peak in FY18.
- Maintaining funding schedule for meeting OPEB is important, and will gain increasing importance, as risk of liability is more broadly recognized in financial markets
- There are several drivers of future tax levy increases that have unknown magnitude and timing:
 - Residential and business development
 - Replacement of aging bus fleet
 - Additional funding for new Bus Transportation Facility
 - Remediation of landfill site on high school campus
 - Need for additional facility expansion for town services
 - Building of new Minuteman High School

Conclusion

- The Finance Committee is pleased with the cooperation it received during the budget process from the Town, CPS and CCRSD.
- The Finance Committee will continue to monitor FY 2016 performance and implications for FY 2017 budget planning.
- We will meet again with town and schools, and hold public hearings on budgets early in the next calendar year.
- We will update our 5-year Forecast of Tax Levy Increases for inclusion in our 2016 Annual Finance Committee report to the town, to be issued in advance of the April 4th Town Meeting.