

garding enrollment changes within the Concord Public Schools, and regarding needs for new or enhanced Town services? How do different categories of households - by income group or household age - perceive Concord's "affordability"? How do Concord tax bills and spending levels compare with those in other reference communities? How do they compare with growth rates and levels of household income?

Trying to find the right balance for the times is a complex process. Members of the Finance Committee research, debate, interview, invite feedback and seek consensus -- within the Committee, with the budgeting entities and ultimately with the Town's citizens.

Over the last ten years, the rate of increase in Concord's property taxes has been declining, particularly as the effects of the national recession were felt locally. For the period of FY06 – FY10, the average taxes levied on existing taxpayers rose 3.78% per year, while the increases for FY11 through FY15 averaged 1.87% per year. However, recent increases suggest this trend is beginning to reverse, with the FY15 rate at 3.20% and the FY16 rate projected to increase 3.72% (based on the FY15 Operating Budget Guideline and related assumptions). The Board of Selectmen, Town Manager, School Committees and Superintendent of Schools work collaboratively with the Finance Committee to reach consensus on budgets without impairing any important Town services or the quality of public education in Concord.

The Finance Committee issued its FY15 guidelines on November, as required by our Town Bylaw. Those guidelines provide for modest growth in operating budgets for the Town, Concord Public Schools and the Concord-Carlisle Regional School District. The guidelines recognize, among other things, anticipated changes in student enrollment, costs associated with special education, student transportation, staffing and support associated with the new educator evaluation system and resources to support increased demand for town services. The 4.15% increase in operating budgets contemplated by the guideline would result in a forecasted 3.72% overall increase in the property tax in FY16 for existing taxpayers, inclusive of the debt service on excluded debt. The total levy projected for FY16 remains well within the Proposition 2½ levy limit.

Looking ahead, the Committee foresees a number of upcoming demands for fiscal resources. The burden of the

debt service for the high school building project began to impact taxpayers in FY14 and will peak in FY18. Other possible future expenditures have been identified, though the details to address these needs are not yet fully defined. These include possible shifts in Concord's assessment for CCHS costs due to changes in enrollment ratios, construction of a new school bus transportation facility, replacement of our aging bus (which have been deferred in recent years), and remediation of the old landfill site under the present CCHS student parking lot. Utility and other public works infrastructure decisions are on the horizon. The Finance Committee's five-year projection will be updated as new information is received with respect to these factors, along with operating needs and projected resources, to provide up-to-date projections of the current and future tax impacts to existing citizens.

TAX FAIRNESS COMMITTEE



From left: Jonathan Keyes, Jim Phelps, Reinier Beenmkes, Walter Birge, Chair; Nancy Cronin, John Mannheim

The Tax Fairness Committee (TFC) is the direct descendent of the Local Option Local Income Tax Committee (LOLIT). Concord's proposed legislation on a local income tax, approved for filing by the 2012 Town Meeting, did not pass the legislature in 2013 due to it being considered unconstitutional. Therefore, in January 2014, the Board of Selectmen reappointed that Committee as the Tax Fairness Committee with a more general goal of developing methods of ensuring the fair allocation of the property tax and encouraging economic diversity among the citizens of Concord.

The TFC reviewed various alternatives including a senior property tax exemption based on a special act for the Town of Sudbury using most of the qualifications of the State income tax circuit breaker; acceptance of the Residential Exemption, an option allowed under State law

to Selectmen when setting the tax rate; and a Statewide income tax surtax, possibly earmarked for education.

The Committee decided that the Sudbury exemption, if pursued for Concord, should be available to homeowners of modest means, not only to seniors. The Committee met with Senator Mike Barrett and Representative Jay Kaufman, co-chair's of the legislative Tax Fairness Commission to discuss how these options might fare in the legislature. Later the Committee met with Paul LoVecchio, Treasurer of the Hugh Cargill Trust, who also administers the Selectmen's Tax Relief Fund, and Finance Director Tony Logalbo.

Mr. Logalbo recommended a legislative home rule petition allowing Concord to allocate funds in the budget for assistance to homeowners for whom the increasing property tax is becoming a burden.

After further discussion the Committee invited members of the Hugh Cargill Trust and the Tax Relief Committee to meet with them. In the meantime the Committee will submit an article to reserve a place on the 2015 Town Warrant.

BOARD OF ASSESSORS



From left: Christian Fisher, Tony Lambert, David Karr, Cynthia Rainey. Not pictured: Jim Sommers, Chair

The Board of Assessors began Calendar Year 2014 by processing 53 abatement applications, completing all by the deadline of May 3, 2014. The Board granted abatements in whole or in part for 21 applications.

The remainder of the year was devoted to the Fiscal Year 2015 tri-annual re-certification year revaluation program. Property valuation for FY15 tax purposes (the tax year beginning July 1, 2014) is based on a valuation date of January 1, 2014. Market value as of this valuation date is derived from the analysis of calendar year 2013 sales.

The Board of Assessors revalues all properties in the Town every year in accordance with the State law requirement that property valuations must be at 100% of market value each year. The values are certified by the Massachusetts Department of Revenue (DOR) once every three years through on-site and intensive examination of the procedures and methodology being employed by the local Board of Assessors. In the intervening years, the local valuation process is the same, but State oversight consists of review and approval of the required statistical analysis. The DOR has approved Concord's FY15 assessed values. This year was the re-certification year and the next two years will be interim year adjustment valuations.

The major objective in any year is to update the various factors in the tables of the Computer Assisted Mass Appraisal (CAMA) system. CAMA is used to calculate the assessed value for each property, adjusting the valuation tables as indicated by sales data. The DOR issues regulations that define how the statistical sales analysis must be done. There were 423 sales with 235 qualified sales in calendar year 2013, the time frame required by DOR guidelines. A qualified sale is an open market transaction between a willing and educated buyer and seller. Types of sales not considered qualified by the DOR include those between family members or intra-corporation sales, those not exposed to the market, auction and foreclosure sales, those that involve more than one property and/or additional personal property, stressed sales (such as an estate sale, court settlement or as a result of a divorce), and where there has been a significant change in the property after the sale and before the sales analysis is done.

State law requires that the median Assessment to Sales Ratio (ASR) fall within required parameters each year:

- The overall ASR median must be within plus or minus ten percent of 100% of full and fair market value.
- The median for each subcategory within the sales stratifications—such as style, location and size - must be within plus or minus five percent of the overall median.

The overall median ASR is 0.95 for FY15. The DOR requires that buildings and land be valued separately and that land valuations must also be supported by the sales. In the absence of vacant land sales, a technique called "Land Residual" analysis is used. This analysis subtracts the building's calculated value from the sales price, and