



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

AGENDA

Concord Finance Committee,

Guidelines Subcommittee

February 11, 2021

8:00PM

Zoom Access Info:

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join.

<https://us02web.zoom.us/j/85686763433?pwd=RU92R2FmTF1JOWV6UXZnTWN1U0hqQT09>

Passcode: 556420

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592 or +1 346 248 7799 or
+1 669 900 9128 or +1 253 215 8782 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)

Webinar ID: 856 8676 3433

International numbers available: <https://us02web.zoom.us/j/85686763433?pwd=RU92R2FmTF1JOWV6UXZnTWN1U0hqQT09>

1. Minutes: January 21, 2021
2. Superintendent's Response to FY22 Preliminary Guideline, CCRSD
3. General Discussion of FY22 Guideline

Reminders:

- **FY22 Guidelines Meetings:** February 25, 2021
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Guidelines Chair Christine Reynolds by email at: FinComCR@gmail.com***

Supporting materials for agenda items are available online at 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
Finance Committee – Guidelines Subcommittee
Meeting Minutes – January 21, 2021**

Present: Ray Andrews, Dean Banfield, Kathy Cuocolo, Greg Guarriello, Mary Hartman, John Hickling, Richard Jamison, Dee Ortner, Parashar Patel, Christine Reynolds, Phil Swain, Brian Taylor, Lois Wasoff and Andrea Zall

Absent: Wade Rubenstein

Others Present: Select Board Chair Linda Escobedo; Select Board Member Terri Ackerman; School Committee Members Cynthia Rainey, Fatima Mezdad and Court Booth; Town Manager Stephen Crane; Chief Financial Officer Kerry Lafleur; Recording Secretary Anita Tekle

Open Meeting

Ms. Reynolds called the meeting to order at 6:30 pm with a roll call vote, with the following voting in the affirmative: Reynolds, Hartman, Zall, Guarriello, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Taylor and Patel. The meeting was held via Zoom using the Webinar format, and broadcast via MMN. She noted that the meeting was being recorded.

Approval of Minutes

On a **MOTION** made by Mr. Hickling and seconded by Ms. Zall, and on a roll call vote (with Reynolds, Hartman, Zall, Guarriello, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Taylor, Patel, Wasoff, and Andrews all voting Yes), the minutes of January 7, 2021 were unanimously **APPROVED** as drafted.

On a **MOTION** made by Ms. Zall and seconded by Mr. Hickling, and on a roll call vote (with Reynolds, Hartman, Zall, Guarriello, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Taylor, Patel, Wasoff, and Andrews all voting Yes), the minutes of January 14, 2021 were unanimously **APPROVED** as drafted.

General Discussion of FY22 Guidelines; Recommendation on Preliminary FY22 Guidelines

Ms. Reynolds provided a brief overview, noting that both the Town and Schools are still working on their FY22 budget requests. Local economic factors include a current unemployment rate in Concord of 5.4%; a consistent property tax collection rate of 99%; and a sustainable growth rate (SGR) of under 1% (inflation is still running low—about 0.7%). Mr. Banfield commented about the unemployment rate, noting that the number of individuals employed in Concord in January 2020 was 8,448 (with a 2.1% unemployment rate), but had declined to 7,621 in November 2020 (with a 5.6% unemployment rate). The unemployment rate does not accurately reflect the significant number of individuals who left the workforce in 2020.

Ms. Reynolds noted that FY21 local receipts (including meals & hotel taxes) are estimated to be 21% lower than FY20 (\$6.8 million in FY21 vs. \$8.6 million in FY20). The Town's "moderate" FY22 scenario assumes a further decline of 6%. Free cash is tight, with a FY20 estimated balance of \$6.9 million. The FY20 Excess & Deficiency (E&D) at CCRSD is \$1.7 million, which is a comfortable reserve balance. Ms. Reynolds reviewed the proposed FY22 property tax levy, noting an estimated levy limit of \$105.8 million (i.e., the highest level that the Town could spend without an operating override). She noted that we generally maintain a levy limit reserve. If we were to maintain a levy limit

reserve of 4.35%, we would have \$3.4 million available to increase property taxes (3.16%). In response to a question from Mr. Jamison, Ms. Lafleur indicated that bond rating agencies look at our levy limit reserves, which is one reason we have maintained a comfortable margin in recent years. Ms. Cuocolo expressed concern that with a low inflation rate, asking taxpayers to support a 3.16% increase in taxes seems high.

At 7:00 pm, and on a **MOTION** made by Ms. Hartman and seconded by Ms. Ortner, and on a roll call vote (with Reynolds, Cuocolo, Banfield, Ortner, Guarriello, Hickling, Jamison, Taylor, Swain, Andres, Patel, Hartman, Wasoff, and Zall all voting Yes), it was **VOTED** to adjourn to the regular Finance Committee meeting, with the intent to return later.

At 8:55 pm, Ms. Reynolds called the adjourned meeting to order with a roll call vote, with the following voting in the affirmative: Reynolds, Hartman, Zall, Guarriello, Ortner, Hickling, Banfield, Swain, Jamison, Cuocolo, Taylor, Patel, Andrews and Wasoff.

Discussion continued on the proposed funding available for FY22 Guidelines spending. Ms. Reynolds reviewed the “moderate case” scenario, summarized as follows:

Moderate Case FY22	\$ Millions	Comments
Property tax levy increase	\$3.4	
Estimated other revenue decline	-1.2	} total of \$1.5 million to cover
Estimated fixed cost growth (above FY21)	-0.3	
Available for guideline spending	1.9	vs. FY21 +2.18%
CCRSB for enrollment increase	-0.4	
Remainder to be allocated to budgets	\$1.5	vs. FY21 +1.7%

In summary, Ms. Reynolds noted that if we raise \$3.4 million in increased property taxes, and cover the other costs/losses, then property taxes would increase 2.71%, on the existing base (including exempt debt service costs). Under this scenario, the median property tax bill would rise by \$370, to a total median of \$14,032 for FY22. State aid is still a big unknown. Ms. Lafleur reported that the preliminary numbers for the Governor’s budget includes an increase of 3.5% (c. \$300,000). Ms. Reynolds noted that the State will not assist communities with losses in local receipts/other revenue.

Ms. Hartman noted that \$1.7 million is needed to cover contractual obligations, with a small balance. If the budget entities wish to make changes or improvements to the budget, then savings would have to be found elsewhere. Ms. Reynolds feels that a property tax increase of 2.71% is doable. The group then discussed various options for dividing the \$1.5 million among the budget entities. Ms. Lafleur noted that the estimated \$300,000 increased state aid would be for CPS, and CCRSD is also expected to receive additional state aid. Mr. Patel asked Ms. Lafleur whether she anticipates ending FY21 with a surplus similar to last year (\$700,000 to \$1 million). Ms. Lafleur indicated that contracts are currently under negotiation, and she is not involved. A healthy amount is allocated to capital projects, so it is theoretically possible to forego some capital projects in order to come up with additional savings. She noted that she is not in a position to speak for the Town Manager. In response to a question from Mr. Taylor, Ms. Lafleur indicated that she is comfortable including in the calculation the anticipated \$300,000 increase in state aid, based on the announcement that came out of the Governor’s Office today.

Ms. Ortner asked whether we should be considering lowering the amount available, in light of the low SGR of 0.68%. Ms. Hartman felt that was unrealistic this year, given that the SGR rate would not even cover the cost of contractual obligations. Mr. Banfield noted that the COLA for the year

was only 0.65%, so we are already well above that. He felt that the FC still needs to make a commitment to the SGR. Ms. Wasoff noted that 2020 was an unusual year, and circumstances have changed. Ms. Reynolds noted that in some unusual years, there have been 0% budget increases. She feels that if we come in under 2%, then program cuts would have to be made. The Guidelines budget is not intended to cut services. Mr. Swain noted that the SGR takes into account the current economic situation (10-year T-Bill rate and July 2020 inflation rate). He feels that a lower guideline would incentivize the budget entities to take the Town's ability to pay into consideration during negotiations. Ms. Hartman felt that this is not the year to squeeze either teachers or town employees, given the current working conditions under the pandemic.

Mr. Patel was not convinced that we are using appropriate metrics to calculate the SGR, but that is a discussion for another day. He felt it would hurt the FC's credibility with the Town and its citizens if we take the budget increase down to an unrealistic number.

After further discussion, and on a **MOTION** made by Ms. Hartman and seconded by Ms. Wasoff, and on a roll call vote (with Reynolds, Swain, Patel, Hartman, Banfield, Ortner, Andrews, Cuocolo, Wasoff, Guarriello, Jamison, Hickling, Taylor and Zall all voting in the affirmative), it was **VOTED** to recommend to the FC the following preliminary guideline of 2.29% and to allocate the funds as follows:

Budget Entity	% of Total Appropriation	FY22 Preliminary Guideline
Town	31.41%	508,151
CPS	45.69%	739,172
CCRS	22.90%	370,479
Subtotal		1,617,799
CCRS Enrollment Shift		426,000
Total Preliminary Guideline		2,043,799

On a **MOTION** made by Mr. Patel and seconded by Mr. Banfield, and on a roll call vote (with Reynolds, Swain, Patel, Hartman, Banfield, Ortner, Andrews, Cuocolo, Wasoff, Guarriello, Jamison, Hickling, Taylor and Zall all voting in the affirmative), it was **VOTED** that the \$426,000 needed for enrollment shift at the high school would be taken out of the total amount prior to allocation, which is noted in the table above.

At 10:18 pm, on a **MOTION** made by Ms. Wasoff and seconded by Ms. Hartman, and on a roll call vote (with Reynolds, Swain, Patel, Hartman, Banfield, Ortner, Andrews, Cuocolo, Wasoff, Guarriello, Jamison, Taylor and Zall all voting in the affirmative), it was **VOTED** to adjourn the meeting and return to the regular Finance Committee meeting.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- Concord Finance Committee Budget Guidelines Subcommittee (C. Reynolds document dated 1.21.2021)