

Article 9: FY21 Town Budget Line Item Adjustments

Motion: Ms. Escobedo moves that the Town transfer from the following line items the sums of:

- \$40,000 from Line 1, General Government;
- \$150,000 from Line 3, Finance;
- \$545,286 from Line 6, Public Safety;
- \$225,000 from Line 9, Reserve Fund;
- \$85,000 from Line 12, Group Insurance;

To the following line items:

- \$190,000 to Line 2, Legal Services;
- \$770,286 to Line 7, Public Works; and
- \$85,000 to Line 13, Unemployment and Workers Compensation,

all appropriated under Article 10 of the 2020 Annual Town Meeting, FY21 Town Budget.

Narrative: This article seeks Town Meeting approval to make Line Item adjustments in the FY21 Budget, approved under Article 10 of the 2020 Annual Town Meeting. The adjustments total \$1,045,286 and will only transfer between lines, keeping the bottom line total the same as was originally appropriated. Unlike other operating budgets- school and enterprise funds, the Town's budget is appropriated by Town Meeting in 16 distinct line items. Once appropriated, the Town Manager must then manage to the "bottom line" of each line item appropriation, rather than to the "bottom line" appropriation. Adjustments to the Town's budget are only allowed either by: further Town Meeting action; or under the year-end transfer authority provided in M.G.L. Chapter 44, Section 33B.

Budgets are prepared well in advance of the fiscal year and often circumstances change and priorities shift, resulting in inadequate funding within appropriated lines. In the current fiscal year, and due to the pandemic, we expect surplus in certain line items from position vacancies and reduced building operation expense. In addition, federal CARES Act funds have covered a substantial portion of Public Safety overtime costs which would have otherwise been charged to the Town's FY21 Budget appropriation.

Further, we expect overages in three (3) areas:

- **Legal expenses, Line 2:** projected to exceed the budgeted appropriation due to the ongoing Estabrook litigation and new development-related litigation, as well as complicated public records requests, specific procurements and complex personnel matters resulting from the pandemic. (\$190,000)
- **Public Works, Cardboard Recycling, Line 7:** projected to exceed the budgeted appropriation due to a significant increase in the volume of cardboard collected for recycling at the Keyes Road campus. Under the terms of Concord's contract with Waste Management of New England, there is no charge for processing cardboard however there is a charge for hauling. During the pandemic, the Town also added additional cardboard containers to handle the increased volume of cardboard received. (\$23,400)
- **Public Works, Solid Waste Collection & Disposal, Line 7:** projected to exceed the budgeted appropriation due to the need to increase barrel service in the business districts (dramatic increase in "take-out" service) as well as popular recreation areas (high utilization). (\$26,886)
- **Public Works, Culvert Repair, Line 7:** unusually high water in the Sawmill Brook watershed caused by beaver activity exposed a previously unidentified structural culvert failure on Monument Street. While trying to clear this blockage, the high water level and associated flows created a large and growing sinkhole adjacent to the

road bed requiring emergency stabilization. A structural engineer has evaluated the culvert failure and prepared a design for the permanent repair. This failure was unanticipated and therefore not budgeted. (\$600,000)

- **Public Works, Sudbury Road Crossing, Line 7:** the Town received a \$20,000 Complete Streets grant to install pedestrian crossing improvements at the Sudbury Road/Garfield/Seven Star Lane intersection based on very preliminary design estimates. After the completion of a comprehensive design, the project was bid and the actual project cost is about \$140,000, inclusive of the grant. The additional funds are needed to award the bid and address any unforeseen contingencies that may arise during construction. (\$120,000)
- **Unemployment and Workers Compensation, Line 13:** expenses related to workers compensation claims exceeded budget estimate. (\$85,000)

If these transfers are not approved, the Town's only other remedy is to seek a year-end transfer under M.G.L. Chapter 44, Section 33B. Transfers under this section of M.G.L. are allowed between the period of May 1 to July 15, with the approval of the Select Board and Finance Committee. If for some reason both remedies fail, the result would be a budgetary deficit which is not allowed under M.G.L. which would then need to be raised the following year (FY22), within the levy limit.

Recommendations: the Finance Committee recommends affirmative action on Article 9.

Background

The Town, unlike the schools, needs the authorization of either town meeting or both the Select Board and the Finance Committee to move funds between budget line items. Our CFO advises that it is best practice that these transfers be approved at town meeting. Going forward, therefore, this type of transfer will be brought to the citizens at town meeting for their approval.

Considerations

- This article transfers money from line items that are under spent during FY21 to line items that are overspent. This is a normal occurrence in any budget cycle: unspent money is transferred where it is needed.
- This article does not authorize any incremental spending above the approved FY21 Town Manager's budget request.
- This article enables the town to pay for obligations already incurred.

Summary

FinCom believes this is a straightforward article consistent with sound financial practices and unanimously recommends Affirmative Action.

The Select Board also recommends affirmative action on Article 9.