



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

AGENDA

Concord Finance Committee

November 18, 2021

7:00 PM

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

Please click this URL to join.

<https://us02web.zoom.us/j/84013635735?pwd=RmRUK0dBWGNEU1FMRkZkWFh1SkkrQT09>

Webinar ID: 840 1363 5735

Passcode: 251214

1. Minutes: February 11, 2021; others as available
2. FY22 Budget Adjustment: RHSO Revolving Fund
3. Chair's Comments
 - a. Training session
 - b. Select Board Letter, Capital Plan
 - c. Envision Concord meeting
 - d. Calendar Review
4. Middle School Building Project Update
5. Observer Reports
6. Public Comment

Reminders:

- **Next Regular Meeting:** December 16, 2021
- **Guidelines Meetings:** December 2, 9, 15, 2021
- **Public Hearing, Special Town Meeting:** December 16, 2021
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Chair Chris 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
Minutes – February 11, 2021**

Present: Ray Andrews, Mary Hartman, John Hickling, Dee Ortner, Parashar Patel, Christine Reynolds, Wade Rubenstein, Phil Swain, Brian Taylor.

Absent: Dean Banfield, Kathy Cuocolo, Greg Guarriello, Dick Jamison, Andrea Zall, Lois Wasoff.

Others Present: Dr. Laurie Hunter, Peter Martini – Hill International, Stephen Crane, Dawn Guarriello, Kristen Olsen, Pat Nelson, Kerry Lafleur

Open Meeting:

Ms. Hartman called the meeting to order, advising that the first hour would be a regular Finance Committee meeting where we will hear from Middle School Building Committee with project updates. If time permits, the Committee will have observer updates and adjourn at 8:00pm, for the Guidelines Sub Committee Meeting.

Dawn Guarriello, Co-chair CMS Building Committee, stated that the Committee was at a crossroads where it needs to decide if it will go “design-bid-build” (Chapter 149, the standard delivery method) Chapter 149 A which is “construction manager at risk.”

Pat Nelson Co-Chair CMS Building Comm, provided the following updates on the project.

Site Information. 31.29-acre property (Sanborn); 17.25 acres wooded and/or steeply sloped; upper plateau (“flat” area) previously cleared for building and athletic facilities. Existing Sanborn School to remain in operation until new school opens. Town sewer not available at this site; requires new septic system and field. Full 360-degree Fire Dept. apparatus access not possible in Tree Top Teams concept. No apparatus access on hill slope acceptable.

Utilization & Space Sharing Summary discussed. Average space utilization is estimated 90%. Recommendation tested through Scheduled Analysis performed by CMS.

Design Team Recommended Space Summary – Total NSF – 95,330 nsf. Total GSF – 142,995 gsf (1.5 multiplier). This represents a 21st century middle school learning environment; with spaces averaging an estimated 90% utilization; achieving Ed Plan Goals. Achievements since 2020 Overall 1,000 gsf reduction since prior Phase while gaining the following: Gymnasium – increased size by 1,000 nsf to improve perimeter run-off zone. Music and Performance – now accommodating 1-grade level auditorium. World language – maintained WL program classrooms. Teams – maintains Team Teaching approach with 4 on-team subjects and whole teams.

Preliminary Cost Analysis discussed. Program Recommendation – 142,995 gsf. Demo/Abatement - \$1.5 million¹. Escalation – 8%². Site Cost - <\$7.5 million³. Construction Cost/SF - \$555/sf limit⁴. Notes 1. Cost as identified in March 2020 estimate. 2. Based on two reference projects: Bid in Spring 2022 (6%); bid in Summer 2021 (9%). 3. Based on removal lower field work, reduction in site development. March 2020 estimate. 4. Resulting building cost per square foot cannot exceed \$348; will require diligent decision-making on materials and trade-offs during design phase.

Peter Martini – Hill International, Owner’s Project Manager, reviewed the various construction delivery methods for the project.

Chapter 149 – All risk factors need to be addressed prior to filed sub-bid process without input of General Contractor (GC). This is the traditional delivery method. Tight documents are essential and the lowest price on bid day is chosen. Variations from bid day plan can result in exposure to cost and schedule risk. A lump-sum contract is awarded. The contractor carries all of the risk, but also all of the profit and reward.

Chapter 149A – Construction Manager (CM) is engaged in pre-construction process to address risk factors prior to issuing subcontractors bid packages. CM can be engaged early for logistical planning. Allows flexibility to fast-track project. Contractor input is received before bidding. Contract is open book and costs are audited. “Its all about Risk Management”

Pros to Chapter 149: Traditional delivery system; simpler process to manage; fully defined project scope for construction; perceived as getting “best price” by awarding to lowest responsible bidder; and simple accounting. **Cons:** hard price not known until bids are received; may require re-design and re-bid if bids exceed budget; and no GC input in design, planning or budgets. This delivery method is prone to changes and claims which may increase final project cost.

Pros to Chapter 149A: selection based on qualifications, experience & proposed team; design phase assistance with budgeting, site logistics and constructability results in ability to address challenges early; early cost estimates & feedback to help in the design process results in a more accurate cost model; flexibility to fast-track schedule/early release bids possible; team concept with Owner, OPM, Designer; and “Open Book” Accounting. **Cons:** potential for higher up-front cost for CM assistance in scope and/or documents (with result of minimizing future change orders and avoiding delays); fast-track demands can potentially lead to design omissions; potential for higher cost due to more management personnel; less monetary motivation for reducing schedule or costs; and potential change orders when design intent is challenged.

Committee members asked additional questions regarding the differences between the delivery methods and the timetable for deciding which method to choose.

Dawn Guarriello, CMSBC Co-chair, advised that a decision on delivery method must be made before the end of schematic design because you need to have a cost-estimate before town meeting.

Motion to Adjourn this meeting was made at 8:06 PM.



Regional Housing Services Office

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Office Address: 37 Knox Trail, Acton, MA 01720
Phone: (978) 287-1092

Website: WWW.RHSOhousing.org
Email: INFO@RHSOhousing.org

November 15, 2021

To: Kerry Lafleur
From: Liz Rust
CC: Marcia Rasmussen
RE: Increase FY22 Revolving Fund total expenditure

Dear Kerry,

I am writing to request a FY22 budget adjustment of the RHSO Revolving Fund for \$50,000, from \$325,000 to \$375,000 to accommodate and increase in contracted services, which is fully offset by fees collected for those services.

2021 Annual Town Meeting under Article 14 approved a spending limit of \$325,000 for the RHSO Revolving Fund.

While the limit was set allowing for \$11,000 headroom from the \$314,000 RHSO approved budget, we have already surpassed that, and issued invoices to member communities for a total of \$25,200. These included work for Acton for Emergency Rental Assistance Program, Concord for the HPP development, and Lincoln for increase support for resale units. We are also planning additional work for Q3 and Q4.

I suggest we increase the spending limit to \$375,000, which gives us additional head room for the balance of the year. While we are constrained by the number of hours the RHSO contractors can work, so it can't go up too high, though we are hiring a new person so have more bandwidth this year – along with the ability to do more work.

Increasing the spending limit mid-year is allowed with Select Board and Finance Commitment. Under MGL Chapter 44, Section 53E 1/2, " ... *the limit on the amount that may be spent from a revolving fund may be increased with the approval of. .. the board of selectmen and finance committee in a town.*"

Please let me know if I can support this request further in any way.

Sincerely,
Elizabeth Rust



Town of Concord
Finance Committee
22 Monument Square
P.O. Box 535
Concord, Massachusetts 01742-0535

To: Terri Ackerman, Chair, Concord Select Board
From: Christine Reynolds, Chair, Concord Finance Committee
Cc: Cynthia Rainey, Chair, Concord School Committee; Stephen Crane, Town Manager; Kerry Lafleur, Finance Director

Date: November 8, 2021

Re: Concord's FY '23 Long Term Capital Plan

The Finance Committee met on November 4th to review the Concord Long Term Capital Plan which includes a new Middle School, a new Public Safety complex and a new Salt shed. After reviewing the plan, the Committee focused its attention on reducing the property tax impact of the proposed \$100 million Middle School, the largest debt financing in the Town's history.

For the reasons described below, we recommend:

1. Increasing the Debt Stabilization Fund to \$5 million over the next three years;
2. Exploring alternative terms for Middle School financing; and
3. Assessing the availability of federal funds through recently enacted stimulus measures.

Impacts of New Debt Financing on Median Property Tax Bill

The Middle School debt service projection provided by the Finance Director assumed a twenty-year debt term, a level payment stream and a 4% interest rate; resulting in an incremental \$1024 to the median property tax bill in FY '26. Assuming a more favorable interest rate of 3% slightly reduces the cost to \$935. Either way, the Middle School debt service alone will increase property taxes 6-7% based on an estimated FY' 25 median property tax bill of \$15,000. For comparison, the average increase in the Town's median property tax bill ("MPTB") over the past 5 years has been 2-3% reflecting growth in both operating and debt service costs.

Looking at total projected debt service costs, the new Middle School and the \$5 million Salt shed would cause debt service to peak in FY '26 (\$1630 per MPTB), doubling FY '22 levels (\$810 per MPTB). Debt service remains elevated until FY '28; thereafter reductions in existing Elementary school debt partially offset the new Middle School debt service.

Delaying the Salt shed project as well as smoothing the Middle school debt service could reduce the projected MPBT by \$500-600 during FY '26, FY '27, and FY '28 (the "peak debt years").

Recommendations to Lower Property Taxes in Peak Years

The Finance Committee recommends the following steps:

- Add \$3 million to the existing \$2 million Debt Stabilization Fund over the next 3 years and apply the resulting \$5 million to reduce property taxes during peak debt years. \$5 million spread evenly over 3 years will reduce the impact to the MPTB by \$232. Options for increasing the Debt Stabilization Fund:
 1. Request the Board of Assessors to consider releasing a portion of the Town's Overlay surplus which now stands at approximately \$3 million.
 2. Request the Town Manager to redirect annual Overlay additions from the Operating budget to the Debt stabilization Fund in FY '23 '24 and '25. Recent Overlay additions have approximated \$500,000/year.
 3. Request Town Meeting to appropriate available Free Cash to the Debt Stabilization Fund in FY '23, '24 and '25.
 4. If funding is not available from items 1-3 above, consider funding Debt Stabilization by increasing Property Taxes between \$500,000 - \$1 million (within Proposition 2 ½ levy limits) in FY '23, '24 and '25.
- Work with the Town's financial adviser to develop a Middle School financing strategy that flattens debt service costs in peak debt years.
 1. Extend the Middle School debt term to 25 or 30 years, from the Town's historical 20-year debt term. Repayment over a 30-year term reduces MPBT by \$222. Repayment over a 25-year term reduces the amount by \$145.
 2. Given that the Elementary School debt is paid off in FY '30, consider adding a five-year call option. This might reduce peak debt service while avoiding the interest impact of permanently extending debt repayment to 25 or 30 years.
- With Town counsel, assess the eligibility of the Middle school project and other Town projects for funding under the American Rescue Plan Act of 2021 ("ARPA") to lower the component of property tax funding required during peak debt years.

The recommendations regarding debt stabilization and debt term, in tandem, are estimated to reduce peak year debt service by up to \$450 per MPTB and the delay of the Salt shed saves another \$100 MPTB, allowing a more typical rate of growth in property tax in FY 26 and beyond.

This list is not meant to discount the other cost saving and cost offset opportunities identified at the Select Board's September brainstorming session (e.g. realization of operational savings from a consolidated Middle School). Rather, the Finance Committee sought to prioritize actions

with the largest impact, that were also within Town control, for reducing the projected tax increases associated with the new Middle school.

We applaud the new integrated Capital planning process and appreciate the opportunity to provide our input. We hope the Select Board finds our recommendations helpful. Please let us know if you have questions. We look forward to working with you and the School Committee on these matters so important to the Town and the taxpayers.

FY23 Finance Committee Calendar, updated 10.26.21; 10.28.21

Day	Date	Type of Meeting	Activity
Thursday	28-Oct	Guidelines Regular	Preliminary Guidelines Recommendation Vote Preliminary Guidelines
Friday	29-Oct-21	-----	Issue Preliminary Guidelines
Thursday	4-Nov-21	Regular	Public Forum: Tier 3 Capital Projects
Saturday	6-Nov-21	Effective Governance Workshop	optional training for all board & committee members
Monday	15-Nov-21	Envision Concord Focus Meeting	gathering of all committees to review progress on long-range plan
Thursday	18-Nov-21	Regular	
Thursday	2-Dec-21	Guidelines Guidelines	Town's Response to Preliminary Guideline Minuteman's Response to Information Request
Thursday	9-Dec-21	Guidelines	CPS/ CCRSD Response to Preliminary Guidelines
Wednesday	15-Dec-21	Guidelines	Final Guidelines Recommendation
Thursday	16-Dec-21 16-Dec-21	STM Public Hearing Regular	Joint Hearing with Select Board to review STM warrant articles Vote Final Guidelines
Friday	17-Dec-21	-----	Issue Final Guidelines, FY23
Thursday	23-Dec-21	Regular	
Friday	1-Jan-22	-----	Finance Committee STM Report to printer
Saturday	8-Jan-22	2022 ATM Preview	Warrant Opens
Monday	10-Jan-22	-----	Finance Committee Report Mailed to Residents
Thursday	20-Jan-22	Special Town Meeting	
Thursday	27-Jan-22	Regular	
Wednesday	2-Feb-22	-----	ATM Warrant Closes
Thursday	3-Feb-22	Special Town Election	Middle School Debt Exclusion question
Monday	7-Feb-22	Town Caucus	
Monday	14-Feb-22	-----	Mail ATM Warrant to Residents
Thursday	24-Feb-22	Regular	
Monday	28-Feb-22	-----	Draft Warrant Articles due
Monday	28-Feb-22	Public Hearing, SB	Select Board Warrant Articles
Thursday	3-Mar-22	Public Hearing, FC	Review of Town Budget, Capital, other
Tuesday	8-Mar-22	Public Hearing, PB	Review of Planning & Zoning articles
Thursday	10-Mar-22	Public Hearing, FC	Review of School & CPA articles
Thursday	17-Mar-22	Public Hearing, FC	Review of Enterprise articles
Thursday	24-Mar-22	Regular	Warrant Article Recommendations, Regular Business
Thursday	31-Mar-22	Regular	Warrant Article Recommendations
Thursday	7-Apr-22	Regular	Complete Warrant Article Recommendations
Tuesday	12-Apr-22	Town Election	
Monday	18-Apr-22	-----	FinCom Report to Printer
Friday	22-Apr-22	-----	FinCom Report Mailed to Residents
Thursday	28-Apr-22	Regular	
Sunday	1-May-22	Annual Town Meeting	
Thursday	26-May-22	Regular	
Thursday	23-Jun-22	Regular	