

Budget Summary: Article 6

Town Government Departments and Joint Town-Concord Public Schools (CPS) Accounts

Article 6 consists of 41 separate appropriation accounts. Once voted, funds cannot be transferred between these accounts except by Town Meeting action. For Guideline purposes, these accounts are grouped into two categories:

- the Town Operating Budget, Items 1-36 is recommended at \$18,724,013 for FY2013, which is an increase of \$600,000 or 3.3% from the current year budget and is at the Finance Committee's Guideline;
- the Joint Town-Concord Public Schools (CPS) accounts, Items 37-41, recommended at \$16,539,471. This is 2.8% above the current budget, with the principal increases occurring in accounts 37B, Other Post-Employment Benefits (OPEB), and 39, Retirement. The Joint Town-CPS group of accounts includes employee group insurance, the OPEB Trust Fund, the Town's annual required payment to the employee (non-teacher) pension fund,

Article 6 - The Proposed Town Government General Fund Budget for the year beginning July 1, 2012 General Fund appropriations			
	Appropriations FY 2012	Proposed FY 2013	percent change
Operations (accounts 1-36)			
General Government	\$1,952,394	\$1,978,402	1.3%
Finance & Admin	1,586,747	1,657,177	4.4%
Police & Fire	7,487,140	7,484,864	0.0%
Public Works	2,847,360	2,895,974	1.7%
Library	1,818,512	1,844,082	1.4%
Reserve Fund	225,000	225,000	0.0%
Salary Reserve	97,783 *	460,000	
Recreation & all other	724,077	743,514	2.7%
subtotal- operations	\$16,739,013	\$17,289,013	3.3%
Capital Outlays	1,385,000	1,435,000	3.6%
TOTAL subject to Guideline	\$18,124,013	\$18,724,013	3.3%
Town and School debt service (account #41):			
repayment within levy limit	3,275,000	3,300,000	0.8%
excluded from levy limit	4,174,334	4,244,471	1.7%
TOTAL	\$7,449,334	\$7,544,471	1.3%
Employee Benefits (Town and CPS):			
Group Insurance (acct. #37A)	4,650,000	4,650,000	0.0%
OPEB Trust Fund (acct. #37B)	150,000	400,000	
Retirement (pension funding, acct. #39)	2,860,000	2,945,000	3.0%
Medicare/social security (acct. #40)	610,000	625,000	2.5%
TOTAL	\$8,270,000	\$8,620,000	4.2%
Other Expenses (Town/CPS joint accounts)			
Workers & Unempl. Comp (acct. #38)	200,000	200,000	0.0%
Property & Liability Insr. (acct. #37B)	175,000	175,000	0.0%
TOTAL, Article 6	\$34,218,347	\$35,263,484	3.1%
* NOTE: balance of FY12 salary reserve at 3-31-12 not yet transferred to operating accounts			

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property and liability insurance covering the Town and CPS, and the debt service account covering debt issued for both town and CPS capital projects, both debt service within the levy limit and debt service on bonds voted by the town electorate to be paid from tax levies above the levy limit. Management of these accounts is strengthened by consolidating the Town government and Concord Public Schools components rather than budgeting them separately between Town and school appropriations. Elsewhere in this report, these accounts are allocated to show the overall education and non-education shares of town spending plans.

Item 41, Debt Service, includes \$4,244,471 for principal and interest expense excluded from the levy limit by past votes of the electorate (refer to the section in this Report on Excluded Debt). This is the net amount to be tax-supported after the proposed allocation of \$475,000 from the Elementary School Debt Stabilization Fund (Article 15). \$475,000 will be separately appropriated for excluded debt service under that article.

Town Government: Items 1-36

The proposed operating budget for the departments organized under the Town Manager is \$18,724,013. As shown in the accompanying table, it is broken down into two main components: operations, up 3.3%; and capital outlay, up 3.6%

Article 6 Overview

Article 6 shows only the General Fund portion of each budget account, as this is the portion to be voted by the Town Meeting. Many budget accounts include resources from other funds, typically involving allocations from the Town's enterprise operations (water, sewer, light, solid waste, swim and Fitness center) for management services provided.

The Town Manager's Proposed Budget document, published Feb. 2 and available on the Town website at concordma.gov, provides detailed discussion of each account. The Finance Committee has reviewed this document with the Town Manager and has conducted a Public Hearing Feb. 27 on the submitted plan. The Finance Committee recommends the adoption of the Town Government budget as proposed by the Town Manager.

Highlights of the Proposed Budget are summarized as follows.

Staffing changes in the Town Manager's proposed budget:

- The Human Resources Division is proposing that the Human Resources Director position be moved to a 1.0 FTE position (from 0.8 FTEs in FY 12).
- In the Elections Account, it is proposed that the FY 13 staffing level be increased by 0.31 FTEs, due to the expectation that there will be 3 elections instead of the 2 elections budgeted for in FY 12.
- The Accounting Division is proposing that the 20 hour-per-week Assistant Town Accountant position be moved to a 25 hour-per-week position (an increase of 0.13 FTEs).
- In the Cemetery account, it is proposed that funding for the full-time Cemetery Specialist position (1.0 FTE) be suspended in FY 13. To provide coverage for this position, temporary status hours will increase by 1040 hours, resulting in an increase of 0.50 FTEs. As a result of these two personnel changes, the Cemetery account is proposing to decrease its total FTEs by 0.50 in FY 13.
- In the spring of 2011, the newly renovated Fowler Branch Library reopened with double the square footage. This increase in service area from one floor to two, necessitates additional staffing. Accordingly, it is proposed that library staff increase by 0.22 FTEs in FY 13.
- The Council on Aging is proposing that van driver hours increase from 2221 to 2548 (+0.16 FTEs), and that the hours for the office assistant position increase from 726 to 1869 (+0.55 FTEs).

Budget Changes:

The principal actions recommended in this budget for each appropriation account are as follows:

Acct # - Account Title

1A. Town Manager

The Town Manager's operating budget represents a 1.2% increase from FY12. This budget continues to maintain funding for the Community Services Coordinator and the Youth Services Coordinator.

1B. Human Resources

The operating budget for the Human Resources Division will increase by 7.6% in FY13. This increase is largely the result of changing the Human Resources Director position from a 0.8 FTE position to a 1.0 FTE position.

1C. Town-wide building maintenance

This account was established with the FY05 budget in an effort to set up a central pool of funds with which to monitor building conditions, establish renovation priorities, and fund repairs and improvements on a continuous basis. Since FY05 when the account was budgeted at \$40,000, the funding level has gradually been increased to \$159,000 in FY12. The recommended level in FY13 is \$170,000 and the five-year capital outlay plan raises this funding target to \$235,000 by FY17. During FY11, the Town hired a full-time Facilities Manager to oversee the maintenance of Town-owned buildings.

1D. Resource Sustainability Fund

With this new account, an amount of \$25,000 is proposed to be allocated for resource sustainability and energy conservation projects.

2. Legal Services

The legal services account is proposed to be level funded at \$225,000. It is expected that this amount is sufficient to cover the FY13 legal costs for the Town.

3A. Elections

The amount required to fund the elections account is dependent on the number of federal, state, and local elections that are held in a given year. In FY13, it is expected that there will be three elections: one annual Town election, one State primary and one presidential primary. Each election costs the Town approximately \$12,000. Accordingly, as compared to FY12 during which there were two elections, the budget for the elections account is proposed to increase from \$27,134 to \$37,168.

3B. Registrars

There are no significant proposed changes in the registrars account. This account provides resources to register voters, conduct the annual Town census, and certify nomination papers and petitions.

4. Town Meeting and Reports

The current budget allows for a four-session annual Town meeting in April 2012 and also funds a one-day special Town meeting. The amount proposed in FY13 is the same as that of FY12.

5A. Planning Division, DPLM

The FY13 operating budget for the Planning Division is proposed to slightly decrease by 1.0% from that of FY12. This decrease is largely due to a reduction in purchased services. Additionally, a modest amount is provided to support the Historic Districts Commission and the Historical Commission. A senior planner provides assistance to the Community Preservation Committee, with part of this salary paid for by CPA funds.

5B. Board of Appeals, DPLM

The FY13 budget is proposed to slightly decrease by 0.7%, due to a reduction in purchased services and supplies. The account provides for the salary of an administrative assistant, who coordinates the activities of the Board of Appeals.

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5C. Natural Resources Division, DPLM

The proposed Natural Resources budget represents no significant change in operating costs from that of the FY12 budget.

5D. Building Inspections Division, DPLM

Most of the allocation in this account goes toward funding the Building Inspections staff.

5E. Health Division, DPLM

This budget represents a 0.71% increase in operating cost over that of FY12. \$20,000, the same amount as the current year, is recommended to fund the East Middlesex Mosquito Control Project for efforts to protect Concord residents and visitors from eastern equine encephalitis and West Nile virus.

6. 141 Keyes Road, DPLM

The FY13 proposed operating budget represents no significant change over that of FY12 and provides for the cost of operating and maintaining the Victorian-era brick building at 141 Keyes Rd.

7. Finance Committee

Funding for support of the Finance Committee is included in this budget, which represents no change in cost from that of the FY12 budget.

8A. Finance Administration Division, Finance Department

The Finance Administration Division budget is proposed to decrease by 3.7% from that of FY12. The decrease is the result of recent hirings at salary levels that was lower than originally budgeted for the current year.

8B. Treasurer-Collector, Finance Department

The Treasurer-Collector budget is proposed to increase by 1.3% in FY13. This account includes funding for much of the Town's postage expenses (\$50,500) and banking service charges (\$78,865).

8C. Town Accountant, Finance Department

The FY13 budget is proposed to increase by 2.5%. This increase is attributed to increasing the hours of the Assistant Town Accountant from 20 hours per week to 25 hours per week. Also included in this budget is \$50,000 to cover the cost of the Town's annual external audit.

8D. Assessing Division, Finance Department

The Assessing budget is proposed to decrease by 0.5% in FY13.

8E. Town Clerk, Finance Department

The Town Clerk budget is proposed to rise by 0.5% from FY12. This rise is due to an inclusion of service contracts covering records management and, as required by a recent state law effective July 2011, an electronic meeting postings site in a public location, other than the town website, available for public viewing 24/7.

9. Information Technology

The Town's Information Technology (IT) Division underwent a comprehensive review during FY11 resulting in the establishment and recruitment of a chief information officer position. In FY13, the division will use more contracted services and has restructured the IS assistant position to improve operating stability and end user support. To fund needed structural changes, the IT operating budget will be increased by 30.7%, with the Town-Wide Technology Fund increasing by \$19,000 to \$160,000.

10. Town House

The FY13 proposed operating budget is a 4.2% decrease from that of FY12, largely due to energy savings and the elimination of the purchase of online legal updates. This budget include costs for maintaining and cleaning the Town House and the newly renovated Assessing Division office space at 24 Court Lane.

11. Police Department

The FY13 operating budget will not significantly change from FY12. Funding is being proposed for the replacement of four police cruisers (\$108,000), portable radio replacements (\$19,500), replacement of public safety equipment (\$15,000) and the replacement of cruiser laptops (\$30,000).

12. Fire Department

There are no significant changes in the Fire Department's FY13 budget. Funding is provided for the replacement of public safety equipment (\$20,000).

13. West Concord Fire Station

This budget funds the operations of the West Concord Fire Station located at 1201 Main Street. The FY13 budget is proposed to decrease by 4.4%. This reduced budget is due to a substantial decrease in utility costs.

14. Police and Fire Station

This budget funds the operations of the Police and Fire Department headquarters at 209 Walden Street. The FY13 budget is proposed to increase by 8.2%. This increase is due to utility usage as a result of the Fire Department station renovation project, as well as \$3,000 to fund an annual maintenance agreement for the building's emergency generator—which will lower long-term costs.

15. Emergency Management

In order to have an action plan in place in the event of an emergency, the budget funds Concord's Emergency Management Agency at \$12,810. The Fire Chief serves as the Emergency Management Director.

16. Dog Officer

The Town contracts with a private vendor to provide dog control services. This account is proposed to increase by 1.9% from the level allocated in FY12.

17A. Public Works Administration, CPW

This budget is being slightly decreased in FY13 by 0.1% due to a decrease in purchased services.

17B. Engineering, CPW

The Engineering Division's operating budget is proposed to be 0.4% less in FY13. In addition, funding is proposed for Geographic Information Services (GIS) software maintenance and training services (\$20,000), traffic control devices (\$20,000), and mandated street sign replacements (\$20,000).

17C. Highway Maintenance, CPW

This operating budget is proposed to increase by 3.3% from FY12. The increase is mainly due to funding mowing services at \$15,000 and an increase of \$22,750 in the line item for the cost of diesel fuel.

17D. Parks & Trees, CPW

The FY13 Parks & Trees operating budget is proposed to be 1.4% above the funding level budgeted in FY12. This budget slightly increases temporary status hours by 112 for seasonal help. In addition, \$20,000 is allocated for public shade trees and \$5,000 is allocated for replacement of small equipment.

17E. Cemetery, CPW

The Cemetery Fund supports 65% of operating expenditures and 100% of capital improvements. The FY13 operating budget is proposed to decrease by 13.1% due to replacing the full-time Cemetery Specialist position with a half-time temporary status position.

18. Snow Removal, CPW

The snow removal budget is proposed to be funded at \$525,000, an increase of \$12,000 from that of FY12. The amount budgeted for road salt is funded \$191,556. If the actual FY13 expenditure exceeds the budgeted amount, the Town is allowed by state statute to add the difference to the following year's tax levy.

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19. Street Lights, CPW

The FY13 proposed Street Light budget is \$65,200, a \$7,340 decrease from \$72,540 budgeted in FY12, as fixture replacements with more energy-efficient bulbs continues.

20. Public Works Equipment, CPW

The Public Works Equipment budget of \$296,500 funds the Town's well-planned schedule of equipment replacement. This represents an increase of \$86,500 from FY12. In FY13, two 10-ton multi-use dump trucks are scheduled to be replaced.

21. Drainage, CPW

The FY13 funding plan includes \$105,000 for drainage improvements and \$100,000 for culvert improvements.

22. Sidewalk Management, CPW

The proposed FY13 budget calls for level funding for maintenance of the Town's existing sidewalks program at \$100,000.

23. Road Improvements, CPW

The General Fund proposed funding for road improvements is \$90,000, principally to cover engineering costs. With additional amounts of \$690,000 expected from the State (Chapter 90 Funds) and \$950,000 in borrowing, the total FY13 amount for road improvements is recommended to be \$1,730,000, an amount that will maintain the quality of existing road conditions.

24. 133 and 135 Keyes Road, CPW

For FY13, there is a proposed 7.6% increase in the operating budget. This increase is the result of increased utility costs at both buildings, as well as a \$1,500 increase in HVAC Maintenance costs at 133 Keyes Road.

25. Library

In FY13, the total tax-supported budget is proposed to be \$1.854 million, an increase of \$26,000 from FY12. Most of the increase is proposed to be used for increased staff at the Fowler Branch, expanded custodial services at both branches, as well as the reclassification of an existing vacant position and the hiring of an assistant library Director.

26. Recreation Administration

With the exception of the Recreation Director's position, the expenses of the Recreation Department are paid for by fees collected from individual recreation programs. In this way, the Recreation Department has flexibility in providing programs at a level that meets the demand of the community.

27. Hunt Recreation Center

The FY13 operating budget for the Hunt Recreation Center decreases by 5.6%. The reduced budget is possible due to savings in utility costs from the installation of a new high-efficiency HVAC system.

28. Harvey Wheeler Community Center

The Harvey Wheeler Community Center continues to be a great resource for the Town in providing space for the Council on Aging office and Recreation Department programs, as well as a meeting area for Town departments, not-for-profit groups, and private individuals. The FY13 budget proposal provides for operating costs to increase by 2.3% in FY13.

29. Council on Aging

The FY13 budget for the Council on Aging is proposed to increase by 5.3%. The proposed increase allows for an additional \$12,000 in funding for a part-time office assistant position. In addition, a State Formula Grant and a Concord-Carlisle Community Chest gift provide full or partial funding for several COA positions.

32. Visitors Center

The FY13 operating cost to maintain the Visitors Center is proposed to be \$23,206, a 1.7% increase from FY12. This increase is primarily due to a minor increase in contracted custodial services.

33. Town Employee Benefits

The proposed budget provides \$90,000 to cover unused sick leave buyback for eligible employees at retirement. This payment is restricted to non-union employees hired prior to July 1, 1992, to uniformed Police hired prior to January 1, 2011, and to uniformed firefighters hired prior to July 1, 2011. In all eligible cases, the benefit is capped at 62 days (65 for firefighters). This account also funds the Employee Assistance Program and certain medical costs for police and fire retirees for accidental disability expenses.

34. Reserve Fund

As budgets remain tight due to the economic situation and there are fewer resources available to cover unexpected events, the Reserve Fund appropriation becomes a crucial part of the budgeting process. By statute, this fund is to be used to meet "extraordinary or unforeseen expenditures" as approved by the Finance Committee. A funding level of \$225,000 is proposed for this purpose, unchanged from FY12.

35. Salary Reserve

The allocation in this account makes resources available for the funding of collective bargaining agreements. In addition, the account provides for a market adjustment to the pay scales and a step and merit adjustment to the salary schedules applicable to non-union employees effective July 1, 2012. This account is proposed to be funded at \$460,000 in order also to provide resources for such compensation adjustments for union and non-union staff.

37A. Group Insurance

The budget anticipates no increase in FY13 group insurance costs supported by the General Fund. As part of the Minuteman-Nashoba Health Group (17 public jurisdictions in the region), the Town is self-insured for employee health coverage and the cost directly reflects actual claims experience.

Group health plan offerings for FY13 implement the local government plan design authority provided by the state legislature's enactment of Chapter 69 of the Acts of 2011.

37B. Other Post-Employment Benefits (OPEB)

In this year's budget, Other Post-Employment Benefits (OPEB) has been separated into its own line item due to the increasing importance of recognizing and funding this liability. The OPEB liability primarily consists of the present value of the Town's portion of future retiree health care costs. This liability is referred to as the Town Government's Annual Net OPEB Obligation (NOO). In FY13, the General Fund share of the NOO is projected to be greater than \$2.6 million. In an effort to partially fund this liability, it is proposed that the Town budget \$400,000 for this purpose, to be transferred to the Trust Fund which was authorized by a Home Rule petition from the Concord Town Meeting that was enacted as Chapter 188 of the Acts of 2008.

39. Retirement

Following the sharp economic downturn in the financial markets during the fall of 2008, assets of the Concord Retirement System have recovered from their floor of February 2009. At the most recent biennial actuarial valuation as of January 1, 2010, the revised Funding Schedule for projected full funding status had been extended to FY21, an increase of nine years from the projection two years earlier. In FY13, the General Fund appropriation is projected at \$2,945,000, an increase of 3.0% from FY12 and consistent with the present funding schedule.

Budget summary: Education

Budgets proposed for Concord Public Schools (CPS, grades K-8) and the Concord-Carlisle Regional School District (CCRS) for FY13, compared with those approved in FY12, are presented in the accompanying table. Both proposals represent levels agreed to by the School Committees and the Concord Finance Committee, as reflected in budget guidelines that were finalized March 22, 2012.

The CPS requests \$29,755,538 for its FY13 operating budget (Article 7), which represents a 4.5% increase or \$1,281,338 above the current FY12 budget. Over the last several years, CPS budget increases have been quite small—1.8% in FY10, 0% in FY11, and 2.8% in FY12—as the schools tightly managed costs during the recent period of economic difficulty.

This year's CPS budget increase exceeds the increases of recent years in large part due to special education costs that are projected to rise 16.83% (more than \$1.1 million) over the FY12 original budget level. All other portions of the CPS bud-

get are expected to rise minimally or even fall. The total salary bill will rise by 1.80%, while operations, administration, and fixed costs are expected to decline.

The CCRSD total budget (Article 10) request for FY13 is \$24,290,423, which represents an increase of 1.29% or \$309,411 from the current FY12 budget level. This total includes debt service, the assessed cost of which has been excluded from the property tax levy limit by past votes in both Concord and Carlisle. The proposed operating budget of \$23,647,387 reflects an increase of \$414,113 or 1.78%. Special education costs are projected to decline in FY13, while regular education and operations costs are budgeted to increase.

Due to shifts in enrollment between the towns, Concord's assessment ratio, relative to Carlisle's, is rising and enrollment projections suggest it will continue to rise. In FY13 it will be 71.77% (based on the Oct. 1, 2011 actual enrollment), compared with 70.39% in FY12. Concord's FY13 assessment for

its share of the CCRSD operating budget is \$15,066,221, representing an increase of \$300,000 or 2.03%. Concord's share of the CCRSD debt assessment is \$254,128, resulting in a total FY12 assessment of \$15,320,349 to be appropriated under Article 10.

Increases in CPS and CCRSD budgets have abated significantly over the last 10 years. Average increases in FY03-FY07 were 5.3% and 8.0%, respectively, whereas over the period FY08-FY12, increases averaged 2.3% and 4.5%, respectively. These important reductions in education cost increases represent significant savings for Concord taxpayers. At the same time, impressive performance metrics have been maintained by our schools, from which all Concord homeowners benefit through accrued property value increases. Setting reasonable expectations regarding education cost drivers, while preparing for somewhat erratic trends due to unpredictable shifts in enrollment and special education costs, remains the Finance Committee's goal.

Enrollment Data:	Concord Public (k-8)			CCHS		
	K-5	6-8	Total CPS	Concord	Carlisle	Total*
Oct. 1, 2006	1235	600	1835	848	330	1257
Oct. 1, 2007	1228	581	1809	846	332	1259
Oct. 1, 2008	1233	606	1839	850	332	1268
Oct. 1, 2009	1233	626	1859	813	353	1245
Oct. 1, 2010	1304	614	1918	801	337	1221
Oct. 1, 2011	1324	633	1957	811	319	1209
Projected:						
Oct. 1, 2012	1292	652	1944*	803	323	1206 *

* NESDEC, Nov. 2011; CCHS total includes non-resident students.

**Concord Finance Committee
FY13 Guideline
Proposed Education Budgets**

Concord Public Schools	<u>Adopted FY12 Budget</u>	<u>Proposed FY13 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Program Area</u>				
Regular Education	\$ 15,370,755	\$ 15,647,474	\$ 276,719	1.80%
Special Education	6,672,579	7,795,829	1,123,250	16.83%
Administrative Support	2,034,647	2,033,674	(973)	-0.05%
Operations	4,309,273	4,213,615	(95,658)	-2.22%
Fixed Costs	86,946	64,946	(22,000)	-25.30%
Total	\$ 28,474,200	\$ 29,755,538	1,281,338	4.50%
Concord-Carlisle High School	<u>Adopted FY12 Budget</u>	<u>Proposed FY13 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Program Area</u>				
Regular Education	\$ 10,458,821	\$ 11,067,040	\$ 608,219	5.82%
Special Education	5,525,903	5,235,732	(290,171)	-5.25%
Administrative Support	1,323,231	1,335,889	12,658	0.96%
Operations	2,936,312	3,136,859	200,547	6.83%
Fixed Costs	2,989,007	2,871,867	(117,140)	-3.92%
Operations	\$ 23,233,274	\$ 23,647,387	\$ 414,113	1.78%
Debt Service:				
debt reimbursed by state aid	\$ 288,950	\$ 288,950		
debt exclusion assessed	458,788	354,086		
	\$ 747,738	\$ 643,036	\$ (104,702)	-14.0%
Total	\$ 23,981,012	\$ 24,290,423	\$ 309,411	1.29%
Financing Sources				
State aid	\$ 2,119,499	\$ 2,343,971	224,472	10.59%
District funds	425,000	600,000	175,000	
Assessments	\$ 21,436,513	\$ 21,346,452	\$ (90,061)	-0.42%
Concord assessment ratio				
	70.39%	71.77%		
without debt exclusion	\$ 14,766,221	\$ 15,066,221	\$ 300,000	2.03%
debt exclusion	322,941	254,128	(68,813)	
TOTAL	\$ 15,089,162	\$ 15,320,349	\$ 231,187	1.53%
Carlisle assessment ratio				
	29.61%	28.23%		
without debt exclusion	\$ 6,211,504	\$ 5,926,145	\$ (285,359)	-4.59%
debt exclusion	135,847	99,958	(35,889)	
TOTAL	\$ 6,347,351	\$ 6,026,103	\$ (321,247)	-5.06%

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Nevertheless, the Finance Committee considers the long-term sustainability of budget increases as part of its guidelines setting process every year. In addition, the Finance Committee recognizes that this year's approval by the citizens of Concord and Carlisle of a \$92.5 million project to build a new high school represents additional upward pressure on property taxes. This pressure will be mitigated somewhat in early borrowing years by transfers from the High School Debt Stabilization Fund approved at Special Town Meeting Nov. 2011.

The Finance Committee engaged this year in a benchmarking exercise to compare Concord's performance outcomes and education costs to those incurred in neighboring towns. Concord's schools have performed exceedingly well, though at a per-pupil cost that exceeds those of many, if not most, of our reference towns.

Education budgets are driven by a number of factors that are either fixed in the short term and thus are relatively immune from immediate economic pressures or are potentially volatile and thus difficult to project. Key budget drivers include enrollments, special education costs, class sizes, and salaries. While enrollment and special education costs are tracked carefully, they can be subject to significant fluctuations. In contrast, salary costs are fixed in the short term by increases negotiated as part of multi-year employment contracts.

As of Oct. 1, 2011, CPS enrollment was 1,957 students, up 39 students

from the prior year and up 8.2% since the most recent trough in 2007. Enrollment at CCHS was 1,209 students, down 12 students from the prior year and down 4.7% since the most recent peak in 2008. Although the total number of CCHS students is less than last year, a shift in relative numbers between Concord and Carlisle is taking place, resulting in an increase in the share of Concord students, as detailed above. While the overall enrollments at both CPS and CCHS are expected to be stable over the next five years, the trend toward a higher Concord student ratio at the high school is expected to continue. Moreover, the school enrollment impact of the newly opened Concord Mews housing development in West Concord is difficult to forecast.

Concord's schools have made significant efforts to rein in special education costs. Early intervention and provision of some services within the district have each contributed to success. However, special education costs can be volatile, particularly when new, previously unidentified cases move into the community.

Student-teacher ratios are fixed in the CCHS teachers' employment contract, though are more flexible in the CPS. The total salary bill, which represents about 60% of total education costs in Concord, is difficult to adjust in the short term, as it is largely determined by teacher contracts, which are normally negotiated on a three- or four-year basis.

The future of the school bus transportation department became an issue this year, and is unresolved as of this writing. In order to accommo-

date the least disruption to students during construction of the new high school building, and thus minimize total project costs, the site selected for the new building will require excavation of the hillside behind the present high school building—and the school bus maintenance depot and parking lot built into that hillside. Possible solutions include 1) outsourcing the maintenance of existing school buses for FY13 while considering a longer term solution; this may require upward adjustment of the proposed school budgets for FY13 to accommodate the associated costs of outsourced maintenance, and 2) outsourcing the provision of all school transportation services, including selling the school bus fleet. The school committees are awaiting responses to several outstanding requests for proposal before considering how to proceed, and a thorough financial analysis in light of those responses has yet to be completed.

Minuteman Career and Technical High School Budget: Article 12

Concord is one of 16 member communities of the Minuteman Career and Technical High School District. The school provides a broad range of career and college preparation options for Concord students. The school is recognized as one of the most successful technical high schools in the nation, achieving both a reputation for solid academic preparation and a superior placement record for its graduates.

Concord's enrollment at Minuteman Career and Technical High School as of Oct. 1, 2011 was 18 full-time

equivalent (FTE) students, down from 22 in the prior year. Although Minuteman's proposed budget of \$17,251,713 represents a 5% increase over last year's budget, Concord's assessment of \$4387,910 for FY13 is down 17.5% from FY12, owing to the decreased enrollment.

Miscellaneous Education Articles

These articles are:

- Concord Public Schools Renovations (Article 8);
- Concord Public Schools Supplemental Appropriation for Current Year (Article 9);
- Concord-Carlisle Regional School District Technology Stabilization Fund Transfer (Article 11);
- Minuteman Regional Vocational School District Stabilization Fund (Article 13);
- Elementary School Debt Stabilization Fund Use (Article 15).

Article 8 is an annual allocation of borrowing capacity for ongoing capital maintenance and improvements of the elementary and middle school facilities. The \$675,000 requested this year is part of the Town Manager's five-year capital plan and the resulting debt service cost will be funded in future years from the debt service appropriation and within the levy limit. Anticipated renovations and improvements focus on the Peabody and Sanborn middle schools, as well as the Ripley Administration Building this year and include

replacement of flooring at Peabody, removal of asbestos floor tile at Sanborn, and replacement of air-handling equipment at Ripley.

Article 9, requesting a supplemental appropriation for FY12 due to increased budget needs of the pre-school special education program, will not be moved. The amount of the anticipated current year shortfall will be covered within the existing FY12 budget.

Article 11 requests approval of the transfer of \$250,000 from available funds that were originally appropriated for the operation of the Concord-Carlisle Regional School District for FY11 and encumbered in that year for technology purposes into the Concord-Carlisle Regional School District Technology Stabilization Fund. The latter was created by vote of the 2010 Annual Town Meeting.

Article 13 requests approval by Concord Town Meeting of the creation of the Minuteman Regional Vocational School District Stabilization Fund. This fund will cover costs of capital repairs, renovations, and improvements to the regional school and associated facilities. Once approved, the funding and use of this Stabilization Fund would be incorporated into Minuteman's annual budgeting process.

Article 15 requests approval of the appropriation of \$475,000 from the Elementary School Debt Stabilization Fund to be expended for a portion of the debt service associated with the bonds issued for the con-

struction of the Alcott, Thoreau, and Willard elementary school buildings. The Elementary School Debt Stabilization Fund was created by vote of the 2008 Annual Town Meeting.

The creation of all stabilization funds must be approved by Town Meeting. A two-thirds vote at Town Meeting is required both to place funds in and to draw funds out of a Town Stabilization Fund. Deposit and withdrawal from a Regional school District stabilization fund requires a two-thirds vote of the Regional School Committee.

Concluding Comments

Concord's schools receive strong support from the taxpayers of Concord and Carlisle. Concord's education budgets and the share of related expenses such as group insurance and retirement account for more than 65% of the General Fund budget. Concord and Carlisle have also made significant commitments through multiple authorizations of debt exclusions from the levy limit to improve the physical infrastructure of the school system. The Finance Committee, in coordination with its colleagues on the School Committees and in the School Administration, will continue to monitor spending for education closely to ensure balance between a desire for responsible resource allocation and quality educational outcomes.

Community Preservation Act

Historical Background

The Community Preservation Act (CPA) was adopted by the Commonwealth in 2000 to help Massachusetts communities preserve open space and historic sites, and to create affordable housing and recreational facilities. Concord's Town Meeting adopted a 1.5% surcharge on property tax bills, affirmed by the voters at the polls Nov. 2004. The surcharge on residential property is applied after excluding the first \$100,000 of taxable assessed value. The surcharge was first collected in FY05 (the tax year ending June 30, 2005).

Community Preservation funds are derived from both local and State sources. Through Oct. 2007, State funds had represented a 100% match with Town surcharge revenues. State funds are disbursed once annually in Oct., as a match of the prior year's local surcharge. The State share is funded by a surcharge on Registry of Deeds fees on property transactions and mortgage refinancing, with fees deposited into the State Community Preservation Trust Fund. Registry fee income has dropped sharply over the past few years, from \$50 million in FY04 to \$20 million in FY11, as real estate sales activity has tailed off. Further, many municipalities have joined the program over the past several years—44 since Concord did so. As a consequence, the State matching percentage of the local surcharge collected in the prior fiscal year has fallen: Oct. 2008, 67%; Oct. 2009, 35%; Oct. 2010, 27.2%; Oct. 2011, 26.6%. The

Town's budget forecast for the Oct. 2012 match is 15%.

CPA funds can be used only to acquire, create, and preserve open space and land for recreational purposes; to acquire, preserve, rehabilitate and restore historic resources and to acquire, create, preserve and support affordable housing. Under the law, a minimum of 10% of revenues must be appropriated or reserved each year for each of the three interests of open space, community housing and historic preservation.

In 2005, the Board of Selectmen established the Community Preservation Committee (CPC), which by law is charged with the task of "studying the needs, possibilities, and resources of the town regarding community preservation." The Committee prepares a Plan document that is updated annually. The Committee receives input from the Town's boards, commissions and officials, as well as information from other Town planning documents, including the Comprehensive Long Range Plan. The Plan is available on the Town of Concord website www.concordma.gov, at the Town libraries, and at the Planning Department, 141 Keyes Rd.

Fund History

Through the 2011 Town Meeting, \$10,082,329 has been appropriated for CPA projects. These appropriations have been made in the following categories:

<i>Community Housing</i>	\$2,718,150	27.0%
<i>Historic Preservation</i>	\$3,540,800	35.1%
<i>Open Space</i>	\$1,779,590	17.7%
<i>Recreation</i>	\$1,783,789	17.7%
<i>Administration</i>	\$ 180,000	1.8%

Through Oct. 2011, \$3,363,286 has been received into the fund from State distributions. The fund receives its own interest earnings; through June 30, 2011, \$417,675 has been added to the fund from this source.

Recommendations for 2012

Town Meeting, Article 38

The CPC proposes \$1,105,226 million of project appropriations for 16 specific projects as well as a CPC reserve for future Open Space projects, an Open Space, Community Housing and Recreation Property Acquisition fund dedicated specifically for a Town of Concord reserve fund, and \$30,000 to cover CPC direct administrative costs. Most of the recommended projects will generate matching revenues derived from town, state, foundation and/or other private funds. Several are multi-year projects, initiated with CPA funding allocated in earlier years.

For each project recommended by the CPC, Town Meeting may affirm, reject, or reduce the recommended funding level. State law does not allow Town Meeting to add a project not already put forward by the CPC.

Community Preservation Fund *financial status*

	Actual			Revised Estimate	
	FY09	FY10	FY11	FY12	FY13
Fund Resources					
1.5% surcharge collections	\$ 821,432	\$ 856,067	\$ 866,476	\$891,000	\$917,000
State match of surcharge committed	525,033 ^a	286,445 ^a	233,141	230,656 ^a	133,650
Earnings on available cash balance	43,537	10,481	6,708	2,000	500
Other financing sources	0	0	0	0	0
TOTAL FUND REVENUE	<u>\$1,390,002</u>	<u>\$1,152,993</u>	<u>\$1,106,325</u>	<u>\$ 1,123,656</u>	<u>\$ 1,051,150</u>
Fund Disbursements					
Beginning cash balance	1,808,948	1,438,015	681,320	2,021,732	1,651,656
Ending cash balance	\$2,142,072	\$1,723,126	\$1,438,104	\$ 1,863,109	\$965,033
Ending cash balance	<u>\$1,723,126</u>	<u>\$1,438,104</u>	<u>\$1,863,109</u>	<u>\$965,033</u>	<u>\$ 364,527</u>

Notes

(a) State match is based upon the net levied surcharge of the prior fiscal year, paid in October. The amount shown in the FY12 column was received October 2011, a 27% match of FY11 surcharge. FY13 assumes a 15% match.

	APPROPRIATIONS (by Fund Year):					Proposed
	FY09	FY10	FY11	FY12	FY13	FY13
Housing	\$233,858	\$483,107	\$500,000	\$111,000	\$105,000	\$105,000
Historic Preservation	\$647,500	\$501,986	\$445,000	\$637,390	\$724,424	\$724,424
Open Space	\$558,084	\$125,193	\$131,100	\$202,518	\$106,000	\$106,000
Recreation	\$0	\$100,000	\$0	\$32,202	\$30,000	\$30,000
Unspecified - reserved				\$80,000	\$55,726	\$55,726
Administration	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
TOTAL*	<u>\$1,469,441</u>	<u>\$1,240,286</u>	<u>\$1,106,100</u>	<u>\$1,093,110</u>	<u>\$1,051,150</u>	<u>\$1,051,150</u>
10% of surcharge and state match:	\$134,646	\$114,251	\$109,814	\$112,165	\$105,065	\$105,065
<i>(minimum amount that must be allocated to Housing, Historic Preservation, Open Space)</i>						

* includes appropriations from Uncommitted Fund Balance