



TOWN OF CONCORD

TOWN MANAGER'S OFFICE
 22 MONUMENT SQUARE - P.O. BOX 535
 CONCORD, MASSACHUSETTS 01742

TELEPHONE (978) 318-3000
 FAX (978) 318-3002

CHRISTOPHER WHELAN, TOWN MANAGER

February 1, 2019

The Honorable Select Board:

I herewith submit for your review the Town Manager's Proposed General Fund Budget for Fiscal Year 2020 (July 1, 2019 - June 30, 2020) in accordance with the requirements of the Town Charter. With the presentation in this Budget Book, I am pleased to report that this proposed FY20 General Fund Budget is financially sound while funding key priority programs.

Throughout the fall of 2018, the Finance Committee deliberated on the appropriate funding levels for the Town Government, Concord Public Schools (CPS) and the Concord-Carlisle Regional School District (CCRSD) and set a guideline level of \$25,299,513 for Town Government, \$39,246,895 for CPS and \$19,996,874 for CCRSD. For the Town Government, I am proposing that the appropriation (Article 6 on the 2019 Annual Town Meeting Warrant) be at the guideline amount. At the request of the Town's auditors, this year's presentation is slightly different in that it includes transfers from the Enterprise Funds and other accounts: the transfers have always been part of the total Town Government budget but have not been included in the appropriation article. The proposed CPS budget (Article 11) is \$39,390,163 or \$143,268 above the guideline and the proposed CCRSD operating assessment (Article 15) is \$19,996,874 or at the guideline. The assessment for the Minuteman Vocational School District is \$1,066,841.

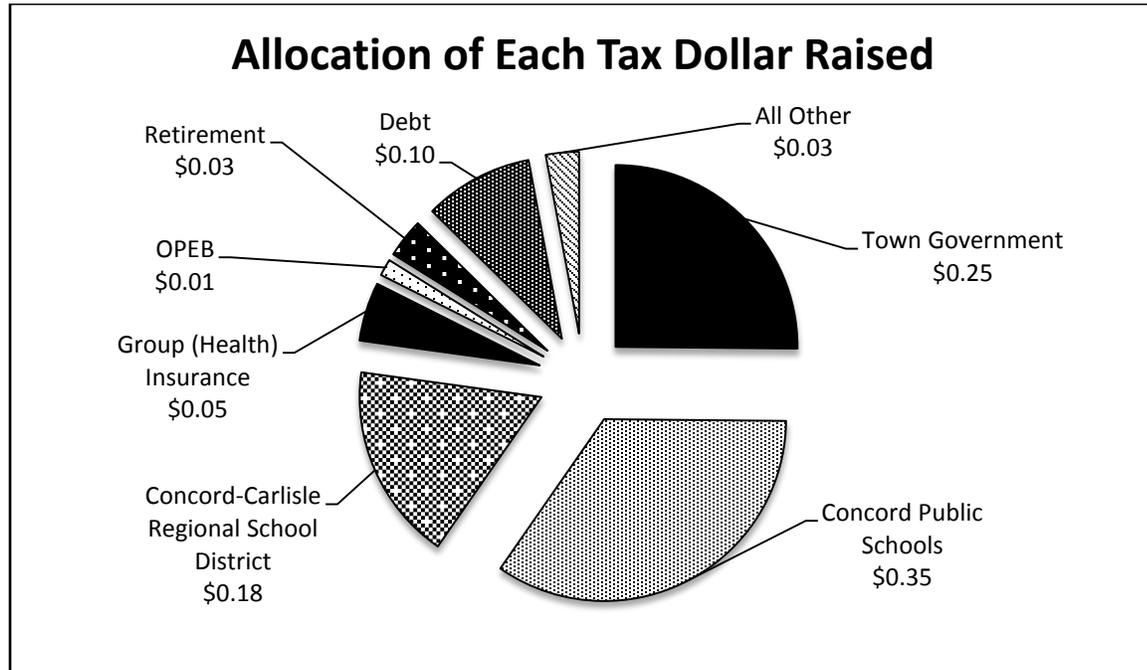
	FY19 Budget	FY20 Proposed	Change (FY19 to FY20)	
			Amount	Percent
Town Government ¹	\$24,050,513	\$25,299,513	\$1,249,000	5.19%
with Transfers	\$26,927,191	\$28,706,648	\$1,779,457	6.61%
Concord Public Schools	\$38,246,895	\$39,390,163	\$1,143,268	2.99%
Concord-Carlisle RSD	\$19,146,874	\$19,996,874	\$850,000	4.44%
 Subtotal	 \$84,320,960	 \$88,093,685	 \$3,772,725	 4.47%
 All Other Accounts ²	 \$24,902,362	 \$26,045,291	 \$1,142,929	 4.58%
<hr/> Total Budget Plan	<hr/> \$109,223,322	<hr/> \$114,138,976	<hr/> \$4,915,654	<hr/> 4.50%

¹ With the October 2018 STM appropriation, the FY19 Budget is \$24,228,513 and the increase is \$1,071,000 or 4.42%.

² For FY20, All Other Accounts consists of Group Insurance (\$5,966,069), OPEB (\$1,697,850), Retirement (\$3,965,861), Town and CPS Debt Service (\$4,196,145), Town, CPS, CCRSD, and MMRSD Assessed Excluded Debt Service (\$6,867,289), Accounts not subject to Appropriation (\$1,284,481), Minuteman Vocational School District Assessment (\$768,846), Social Security / Medicare (\$800,000), Other Fixed & Mandated Accounts (\$498,750).

Total General Fund Budget

The total appropriated budget for Town programs and services, which includes all the operations that are not supported by fee-for-service activities such as those of the Concord Municipal Light Plant, is proposed to be \$114,138,976. For each tax dollar raised to fund the Total General Fund Budget, here are the proposed uses:



Revenues

Property taxes account for 83.9% of the revenues needed to fund the Total General Fund Budget. Other sources include State Aid (4.7%), Motor Vehicle Excise (2.8%), Other Local Revenue (3.8%), Transfers (3.0%), Investment Earnings (0.5%), and Other (1.3%).

The impact of the proposed budget on the property tax bill of existing taxpayers will be on average an increase of 3.71%, though each bill may vary due to a specific property's assessment. This means that for the median property with a current assessed value of \$881,550 the tax bill will increase by \$465 to \$12,974.

Reserves and Financial Stability

A main financial objective is to make sure that the Town finances are sound and that our Aaa credit rating, the highest possible credit rating from Moody's Investors Service, remains intact. In addition to the budgeting practice of conservatively projecting anticipated revenues, two key criteria demonstrate the Town's continued financial stability: Certified Fee Cash and Unused Levy Capacity.

Certified Free Cash – Each year, the State certifies the level of reserves, also known as Certified Free Cash, which are maintained for cash flow purposes, unexpected events, and economic downturns. The Town’s policy is that Free Cash should be at least 5% of the next year’s budget. As of June 30, 2018, Certified Free Cash was a healthy \$11,683,672 or 10.7% percent of the current year budget. The FY20 budget will maintain this level of Free Cash, while still providing a \$1 million allocation for Town operations to reduce the tax levy.

Unused Levy Capacity – The unused levy capacity, the amount that the projected tax levy is below the allowable Proposition 2 ½ levy limit, is projected to be \$3,271,011 in FY20. This means that the Town has some flexibility in future budgets since we are not at the upper ceiling of the levy limit as determined by an increase of 2 ½ from the previous levy limit plus an allowance for new growth.

Debt

With the construction of three new elementary schools and a new regional high school within the past fifteen years, the amount of debt that the Town has taken on has grown. The proposed FY20 debt service cost is as follows: \$4,196,145 for routine, within the levy limit, Town and CPS projects such as road repairs and building renovations; \$3,221,181 for Town and CPS excluded debt projects mostly for new elementary schools; \$3,348,113 for the CCRSD excluded debt assessment for the new high school; \$297,994 for the MMRSD excluded debt assessment for the new high school;

Retirement

From recent anecdotal stories in the media, some municipal retirement systems throughout the country seem to be in trouble. In Concord, this isn’t the case. Our policy of adequately funding the employer contribution for the retirement system – \$3,965,861 proposed for FY20 or an increase of 5.0% from the previous year – has placed the Town’s retirement system in good shape. As of the January 1, 2018 Actuarial Valuation, Concord had an Net Pension Liability of \$17.3 million (down from \$32.2 million in the previous year), and the funded ratio was 90.5%, making Concord ranked among the top funded public retirement systems in the State.

Health Insurance

For the past few decades, health care cost and associated health care premiums have risen at a pace greater than inflation. This increase has placed some stress on Town finances as the Town needs to allocate resources to pay for the employer’s portion of health care premiums for current employees and current retirees (budgeted under title of Group Insurance) and fund the employer’s portion of the future health care liability incurred by past and current employees and retirees (budgeted under the title of OPEB). Several factors have helped keep these increasing costs manageable. The Town is a member of Minuteman Nashoba Health Group, which is a joint purchasing consortium of 17 area towns that pools risks and self-funds health care plans to keep costs down. As compared to other Massachusetts municipalities, the percent of Concord’s employer contribution for health care premiums is on the lower side: approximately 55% for active employees and 50% for retirees. In addition, a 2011 State health care reform law enabled the Town to negotiate plan design changes with the stipulation that

25% of the first-year savings were placed in a fund to mitigate subscriber out-of-pocket cost. Nevertheless, the FY20 allocation from the Town for both Group Health and OPEB is projected to be \$7,663,919, more than 6.7% of the proposed Town Government budget.

Town Government Budget

I am proposing a FY20 Proposed General Fund Portion of the Town Government Budget of \$25,299,513, which is an increase of \$1,249,000 above the 2018 Annual Town Meeting appropriation of \$24,050,513 and \$1,071,000 above the combined 2018 Annual Town Meeting and October 2018 Special Town Meeting appropriation of \$24,228,513. After having assessed the FY20 Town Government financial needs, I am proposing funding the following items.

<u>Item</u>	<u>Amount</u>	<u>Comment</u>
Salaries	\$900,000	To fund union contracts and provide parity for non-union employees
TM Clerk	\$26,000	To fund a Receptionist / Clerk for the Town Manager’s Office
Sustain. Dir.	\$41,000	To fund General Fund portion for hiring the Sustainability Director
Park Maintainer	\$50,000	To fund a Parks Maintainer for White Pond and Gerow Park
White Pond	\$20,000	To fund start-up operations at White Pond
IT Technician	\$72,000	To fund technical services for Library and Police Department
4 Firefighters	\$90,000	To fund 4 Firefighters to staff Ambulance at West Concord 24 – 7
COA Staff	\$30,000	To fund increased hours and wages of Senior Services staff
Miscellaneous	\$20,000	To fund miscellaneous increases due to inflation
Total	\$1,249,000	

Salaries

The Town has negotiated or is in negotiations for Collective Bargaining Agreements (CBAs) with unions representing employees in the Police Department (including Dispatchers), Fire Department, Library, Highway Division, Park & Tree Division and Cemetery Division. With the ratification of a CBA, the Town is required to pay the agreed-upon wages. For non-union employees, the Town has some discretion in establishing annual salary and wage increases. To maintain parity with the union employees, I am proposing a structure increase of 2.5% and a step/merit increase of 2.5% for non-union employees.

On July 1, 2019, the salary and wage expenditure baseline for union employees is projected to be \$8.8 million and for non-union employees \$8.5 million. With the addition of overtime of \$1.0 million, the baseline at the beginning of FY20 of personnel costs is 18.4 million. To fund FY20 increases, an amount of \$900,000, or 4.8% of the total baseline, is proposed.

Receptionist / Clerk at the Town Manager’s Office / Human Resources Department

With the added responsibilities in the Town Manager’s Office related to the Public Information Officer, Sustainability Director, and the Minuteman Media Network, I am proposing that a part-time Receptionist / Clerk be funded in the amount of \$26,000 to assist with the workload.

Sustainability Director

With the passage of Article 51 of the 2017 Annual Town Meeting, an amount of \$100,000 was appropriated for the first year salary of a new Sustainability Director and this person was hired in December 2017. Accordingly, approximately \$59,000 of the \$100,000 was spent in FY18 and \$41,000 in FY19. For the FY20 budget, the \$41,000 that was allocated in FY19 from the special appropriation now needs to be incorporated into the General Fund budget request.

Parks Maintainer

The recent purchase of White Pond and Gerow Park land creates the need to properly maintain these properties. Accordingly, I am proposing hiring a Parks Maintainer with a salary of \$50,000 to assist in managing these areas, as well to help out with other parks throughout the Town.

White Pond Operations

To get the White Pond Beach operations up and running for this upcoming summer season, I am anticipating that start-up money will be needed prior to when revenue will be generated from beach membership and parking permits. In additions to the \$30,000 authorized with Article 5 of the October 2018 Special Town Meeting, I am recommending an additional \$20,000 be appropriated for this purpose.

IT Technician for the Library and Police Department

The technical complexity of the regular operations at the Library and the Police Department / Dispatch Center has grown over the years. Library staff and patrons are increasingly dependent on electronic files and searchable databases. Care needs to be taken make sure that the critical dispatch function is maintained in an uninterrupted manner. I am proposing that technical support in the amount of \$72,000 be provided to these two departments.

Four Firefighters to staff the 2nd Ambulance (24 – 7) at the West Concord Fire Station

In July 2014, the Town hired four firefighters to staff a 2nd Ambulance to operate out of the West Concord Fire Station from the hours of 8AM to 8PM with the plan to eventually extend this service throughout the day and night. With the FY20 budget, I am recommending hiring four additional firefighters for the 8PM to 8AM shift. This enhanced emergency medical response capability is urgently needed for the health and wellbeing of our residents and visitors.

The money to fund the FY20 wages and gear-related costs for these new hires is proposed to come from two sources: \$90,000 from the General Fund and \$245,340 from the Emergency Response Stabilization Fund. Over the next four years, the amount allocated by the General Fund will gradually increase, so that by the end of this period all the personnel-related costs for the four firefighters will be borne by the General Fund.

Senior Services (COA) Staff

Due to the aging of Concord's population, there is an increasing need for additional services for our seniors. I am proposing to raise the Senior Services budget by \$30,000 so that a part-time Social Services Coordinator can move to full-time and the Nurse and Activities Coordinator can increase their hours.

Miscellaneous Expenses

To offset the increasing cost of most items purchased by the Town, I am recommended that an additional \$20,000 be distributed among our departments. Instead of cutting into existing budgets, these resources are to be used to pay for higher utility costs and more expensive supplies.

Conclusion

The FY20 General Fund Budget continues Concord's proud tradition of being financially sound while providing funds for important programs and services. I would like to thank all of the Department Heads and their staff members who worked with us throughout this budget process. In addition, I would like to recognize the efforts of Budget and Purchasing Director Jon Harris and Finance Director Kerry Lafleur who, with the help of Budget Analyst Brandon Roberts, were principally responsible for this coherent and comprehensive document.

Sincerely,



Christopher Whelan
Town Manager