



THE TOWN OF
CONCORD
MASSACHUSETTS

**Town Manager's Response to the Finance
Committee's FY2025 Guidelines Information
Request**

Finance Committee Meeting
October 26, 2023



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**Top three strategic issues, challenges, and or
opportunities facing the Town**

- Recruitment & Retention
- Maintaining Capital Infrastructure
- Balancing Service Level Expectations through Strategic Planning



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Recruitment & Retention

- Implementation of the Classification & Compensation Plan for Non-Union Employees
- Negotiating with, five (5) of our six (6) unions during FY24
- Dedicate Resources to develop a solid, inclusive and comprehensive recruitment strategy and marketing plan.
- Realign our organizational structure to create efficiencies (time and money), resilience (to withstand inevitable vacancies), and succession planning (maintain instructional knowledge), **all within our existing and budgeted FTE count.**
 - ✓ *Deputy Town Manager has been appointed to also serve as Director of Department of Planning & Land Management.*
 - ✓ *Division of Facilities has been transferred to Concord Public Works.*
 - ✓ *recruiting for an Assistant Town Manager who will be appointed as the Director of Human Services, overseeing the divisions of Community Services, Council on Aging, Recreation and Veteran's Services and work closely with our HR Director to modernize practices and procedures*



Maintaining Capital Infrastructure

- Capital Investment Policy
 - 7-8% of total budget, net of excluded debt, is allocated as follows:
 - ✓ (at least) 2-3% for Tier I (cash)
 - ✓ (no more than) 5% for Tier II (debt, within levy)
- Capital Planning Tiers

Tier	Range Min (Annual)	Range Max (Annual)	Funded
I	\$ 25,000	\$ 250,000	Cash
II	\$ 250,001	\$ 2,000,000	Debt, within levy
III	\$ 2,000,001	\$ 10,000,000	Debt, excluded

- ❖ *it is important to note that we know that the Tier II need is understated and the Town, since the Covid-19 Pandemic, has not yet been able to re-commit to funding Tier I at the minimum policy level.*



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Balancing Service Level Expectations through Strategic Planning

Over the years, the Town has invested significant dollars in the creation and development of planning documents to identify, detail, and match community goals, objectives, needs and wants with policies and projects to implement stated vision; Often these various planning documents are well in alignment, but not always, and when they aren't, they create an inevitable tension (think "affordable housing & current zoning," or "CWMP & economic vitality"). These planning documents also outline significant capital spending, which along with request for service level increases, far exceed available resources. Further, We need to do a better job capturing the work done across-the-board and the progress made against identified objectives so that we are able to use this information to collectively identify the path forward, understanding the various tradeoffs to be made along the way to get us all to where we want to be as a community. As an affluent community, and one that has continuously supported its municipal services, we have long benefitted from the ability to individually advance our causes with minimal need to build coalitions of support outside of our immediate circle. Moving forward, as resources become increasingly strained, the need to meet multiple objectives in single projects and actions will become more important, and in order to be successful, we will need to be able to regularly and easily build coalitions of support.



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ARPA Historical and Projected Spending (including long-term impact of spending)

The Town was granted a total of \$5,654,719 in funding under the American Rescue Plan Act's (ARPA) Coronavirus State and Local Fiscal Recovery Fund (CLFRF). All Funds have been received, and the following commitments have been made to date:

Grant Award	\$ 5,654,719
FY	Amount
FY22	\$ 800,000
FY23	\$ 900,000
FY24	\$ 1,320,000
Committed:	\$ 3,020,000

Balance to Award	\$ 2,634,719
Anticipated Commitments	
FY25	\$ 1,320,000
FY26	\$ 1,314,719



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Five-year projections of spending under current service levels as detailed in “Expenditure Growth Model”. Incremental spending should be identified separately

DRAFT		Five Year Forecast, FY25 - 29								
Line			FY24 Appropriated	Article	FY25	FY26	FY27	FY28	FY29	
1	Guideline Budget	Personnel	\$ 24,918,155	8	\$ 25,961,234	\$ 27,047,188	\$ 28,177,782	\$ 29,354,853	\$ 30,580,314	
2		Salaries, Regular Full-Time; Regular Part-Time	\$ 21,410,784		\$ 22,165,784	\$ 23,092,751	\$ 24,058,410	\$ 25,064,373	\$ 26,112,319	
3		Salaries, Overtime	\$ 1,929,214		\$ 1,996,736	\$ 2,066,622	\$ 2,138,954	\$ 2,213,817	\$ 2,291,301	
4		Salaries, Shift Differentials & Allowances	\$ 330,175		\$ 338,429	\$ 346,890	\$ 355,562	\$ 364,451	\$ 373,563	
5		Salaries, Temporary & Limited-Status	\$ 1,008,384		\$ 1,048,719	\$ 1,090,668	\$ 1,134,295	\$ 1,179,667	\$ 1,226,853	
6		Salaries, Other (inc. Salary Reserve)	\$ 755,000		\$ 926,967	\$ 965,659	\$ 1,005,963	\$ 1,047,947	\$ 1,091,679	
7		Adjustment	\$ (515,402)		\$ (515,402)	\$ (515,402)	\$ (515,402)	\$ (515,402)	\$ (515,402)	
8	Guideline Budget	Contractual & Commodities	\$ 6,361,874	8	\$ 6,584,540	\$ 6,814,998	\$ 7,053,523	\$ 7,300,397	\$ 7,555,911	
9	Policy	Capital, Tier One, 2%	\$ 1,725,000	11	\$ 2,180,000	\$ 2,234,500	\$ 2,290,363	\$ 2,347,622	\$ 2,406,312	
10		Capital, Tier One, +1%	\$ -		\$ 1,090,000	\$ 1,117,250	\$ 1,145,181	\$ 1,173,811	\$ 1,203,156	
11		sub-total: Capital, Tier One	\$ 1,725,000		\$ 3,270,000	\$ 3,351,750	\$ 3,435,544	\$ 3,521,432	\$ 3,609,468	
12	Guideline Budget	Sub-total:	\$ 33,005,029		\$ 35,815,774	\$ 37,213,937	\$ 38,666,849	\$ 40,176,682	\$ 41,745,693	
13										
14	Non-Guidelines	Debt, Non-Exempt (Tier Two)	\$ 4,527,700	8	\$ 5,010,800	\$ 5,323,600	\$ 5,539,665	\$ 5,766,850	\$ 5,811,602	
15		Debt, Non-Exempt, Town, Tier Two	\$ 3,698,148		\$ 3,407,149	\$ 3,123,449	\$ 2,692,064	\$ 2,209,969	\$ 1,532,000	
16		Debt, Non-Exempt, CPS, Tier Two	\$ 829,552		\$ 803,652	\$ 624,152	\$ 519,602	\$ 500,882	\$ 519,602	
17		BAN Interest/ Debt Issuance Expense	\$ -							
18		Projected Debt from Capacity Analysis			\$ 800,000	\$ 1,576,000	\$ 2,328,000	\$ 3,056,000	\$ 3,760,000	
19										
20	Non-Guidelines	Debt, Exempt (Tier Three)	\$ 10,015,805	8	\$ 9,996,952	\$ 8,554,601	\$ 8,138,117	\$ 7,988,828	\$ 7,092,188	
21		Debt, Exempt, Town, Tier Three	\$ 317,544		\$ 303,794	\$ 295,094	\$ 187,000	\$ 178,500	\$ -	
22		Debt, Exempt, CPS, Tier Three	\$ 2,349,960		\$ 2,247,320	\$ 1,692,400	\$ 1,293,650	\$ 1,246,750	\$ 624,750	
23		Debt, Exempt, Middle School	\$ 3,885,296		\$ 4,182,046	\$ 3,649,300	\$ 3,805,550	\$ 3,777,550	\$ 3,747,300	
24		Debt, Exempt, CCRSD Assesed	\$ 3,055,012		\$ 2,855,799	\$ 2,509,814	\$ 2,443,924	\$ 2,378,035	\$ 2,312,145	
25		Debt, Exempt, Minuteman	\$ 407,993		\$ 407,993	\$ 407,993	\$ 407,993	\$ 407,993	\$ 407,993	
26										
27	Non-Guidelines	Employee Benefits	\$ 9,431,457	8	\$ 9,345,644	\$ 9,914,638	\$ 10,493,304	\$ 11,079,092	\$ 11,669,250	
28	Non-Guidelines	Retirement, General Fund	\$ 3,399,675	8	\$ 3,621,737	\$ 3,694,172	\$ 3,768,056	\$ 3,843,417	\$ 3,920,285	
29	Non-Guidelines	OPEB	\$ 1,467,851	12	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	
30	Non-Guidelines	Property & Liability Insurance	\$ 406,350	8	\$ 446,985	\$ 491,684	\$ 540,852	\$ 581,416	\$ 625,022	
31	Non-Guidelines	Sub-total:	\$ 29,248,838		\$ 29,889,969	\$ 29,446,546	\$ 29,947,844	\$ 30,727,453	\$ 30,586,197	
32		Total:	\$ 62,253,867		\$ 65,705,742	\$ 66,660,482	\$ 68,614,693	\$ 70,904,135	\$ 72,331,890	
33		Dollar Increase			\$ 3,451,875	\$ 954,740	\$ 1,954,211	\$ 2,289,442	\$ 1,427,755	
34		Percent Increase			5.54%	1.45%	2.93%	3.34%	2.01%	
35		Guidelines, Dollar Increase			\$ 2,810,745	\$ 1,398,163	\$ 1,452,913	\$ 1,509,833	\$ 1,569,011	
36		Guidelines, Percent Increase			8.52%	3.90%	3.90%	3.90%	3.91%	
37		Non-Guidelines, Dollar Increase			\$ 641,131	\$ (443,423)	\$ 501,298	\$ 779,609	\$ (141,256)	
38		Non-Guidelines, Percent Increase			1.03%	-1.48%	1.70%	2.60%	-0.46%	



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Forecast Assumptions

- **Guidelines, Personnel:** Overall increase is approximately 4%
- **Guidelines, Expense, Contractual & Commodities:** overall increase is 3.5%
- **Guidelines, Expense, Capital, Tier I:** assumption includes 3% spending which is the maximum under policy. If funding remained at current levels, the overall increase for FY25 would drop to +3.84%. At minimum capital spending, the overall increase would drop to +5.21%.
- **Non-Guidelines, Debt, Non-Exempt, Tier II:** Includes all non-exempt debt (Town & CPS) plus a projection for new non-exempt debt based upon debt capacity analysis per policy (i.e. no more than 5% of levy for debt service). The model does not yet take into account the need for additional funding for road maintenance, though we are working on a funding model which we expect to review further at next month's Capital Planning Forum.
- **Non-Guidelines, Debt, Exempt Tier III:** Includes all existing exempt debt (Town, CPS, CCRSD, Minuteman). Includes projections for issued Middle School debt only.
- **Non-Guidelines, Employee Benefits:** FY25 health insurance projection is held at FY24 budget level. While on its face, this is highly unusual, we are in the process of evaluating various health insurance options and have reason to believe that we can offer the same, or better, coverage options in FY25 within the FY24 Budget. Future increases are projected at the same medical trend used by the Town's actuary. Other employee benefits increases are projected at +5% per year for FY25 – 29. Note: approximately 65% of benefit-eligible Town employees and 60% of CPS employees are enrolled in health insurance.
- **Non-Guidelines, Retirement:** current projections are based on the results of the January 1, 2022 system valuation, which call for about a 2% increase each year. Note: system is anticipated to be fully funded as of June 30, 2029, after which time, the Town's annual assessment is expected to drop approximately 45%, or by approximately \$1.8M.
- **Non-Guidelines, OPEB:** current projections are based on the June 30, 2022, valuation and the alternative funding schedule letter dated March 16, 2022 to smooth budgetary impact to full funding in 2031.



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Appendix

1. **FY23 & FY24 Budget Update:** FY23 is closing very favorably, with an estimated return from budget at about +\$800,000 and “excess” receipts of about \$3M. Free Cash as of June 30, 2023, calculation is still in progress.
2. **Spending Levels:**
 - **Capital Investment** - we expect to fund at stated policy levels
 - **Ambulance** - CFD is currently in the process of assessing the feasibility of offering ALS-level service and expected to make a recommendation to the Town Manager within the next several months.
 - **Senior Services** - we are outgrowing available space at the Harvey Wheeler Community Center, while we are looking to expand program offerings to seniors of all ages.
 - **Social Services** - increasingly we find the need to provide residents with “gap” services to meet urgent needs. While we don’t have any additional proposals to bring forward just yet, we do expect to have more clearly defined needs within the next fiscal year.
3. **Capital Program** - The recommendation will be provided to the Finance Committee in time for the scheduled November 16, 2023 Capital Planning Forum.



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4. OPEB & Pension – The Town of Concord has long been a leader in funding its long-term liabilities (OPEB & Pension), standing out even among Aaa/ AAA rated communities.

**Sample of Aaa/ AAA Communities as of October 2022
 (Best Positioned)**

Municipality	Unfunded Pension Liability	Unfunded Pension Liability as a % of Revenue	Unfunded OPEB Liability	Unfunded OPEB Liability as a % of Revenue
Concord	\$ 23,225,348	19.33	\$ 18,190,466	15.14
Bedford	\$ 55,791,158	53.77	\$ 50,511,777	53.77
Boxborough	\$ 12,970,595	56.71	\$ 3,326,960	14.55
Cohasset	\$ 16,813,530	29.55	\$ 72,399,073	127.25
Dover	\$ 11,502,985	28.92	\$ 4,497,383	11.31
Foxborough	\$ 38,579,098	45.94	\$ 25,704,406	30.61
Great Barrington	\$ 4,068,602	12.87	\$ 20,597,579	64.14
Manchester-by-the-sea	\$ 15,299,182	46.81	\$ 5,299,445	16.21
Wenham	\$ 8,929,125	42.55	\$ 4,761,614	22.69
Weston	\$ 69,039,912	65.21	\$ 50,051,715	47.28
Westwood	\$ 42,377,844	38.03	\$ 36,106,033	32.4

		FY24 Appropriated	Article	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Non-Guidelines	Retirement, General Fund	\$ 3,399,675	8	\$ 3,621,737	\$ 3,694,172	\$ 3,768,056	\$ 3,843,417	\$ 3,920,285	\$ 2,125,406	\$ 2,199,795	\$ 2,276,788	\$ 2,356,476	\$ 2,438,952
Non-Guidelines	OPEB	\$ 1,467,851	12	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ 1,467,851	\$ -	\$ -	\$ -	\$ -



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5. **Land Acquisition** - A report showing balances in all Capital Project Accounts as of June 30, 2023 is provided.
6. **Additional Information to consider while setting the FY25 Guidelines**
 - *Select Board Goals* - <https://concordma.gov/2876/Select-Board-Annual-Goals>
 - *Town Manager Goals* - <https://concordma.gov/DocumentCenter/View/44308/Fiscal-Year-2024-Town-Manager-Goals?bidId=>
 - *Department Goals (as shown in the FY24 General Fund Budget book)* - <https://concordma.gov/3273/FY2024>
 - *Enterprise Fund Goals (as shown in the FY24 Enterprise Fund Budget Book)* - <https://concordma.gov/3291/2024>



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Thank you!

Questions?