

Hanscom Area Towns Committee Meeting
Minutes: December 8, 2010

In attendance: Michael Rosenberg, Chair, Bedford selectmen; Deb Mauger, Lexington Board of Selectmen; Sara Mattes, Lincoln Board of Selectmen; Charles Lamb, Chair, Lexington Capital Expenditures Committee; Glenn Parker, Chair, Lexington Appropriation Committee; Mike Lawson, Concord Finance Committee, Sara Arnold and Dorothy Steele, Massport.

Round table discussion with local financial representatives: Ms. Mauger introduced the Lexington chairs and stated they are widely respected by all town groups and are critical and essential to the effective community operation. Lincoln representatives were at another meeting and Mr. Rosenberg represented Bedford. He explained that the Fiscal Planning and Coordinating Committee, which meets twice a month, tries to determine variables, avoid conflicts and present a united position at Town Meeting for the upcoming fiscal year. Mr. Rosenberg asked if it is the philosophical policy of each chair to be as conservative as they can in their projections to accommodate various variables, including local aid. Mr. Parker said conservative is difficult to define and local aid has been level funded in the past; however, projections were low. The Selectmen and Town Manager usually work these things out together. This year there will likely be level funding based on the actual amount received this year, with a budgeted contingency fund to assist as needed.

Ms. Mattes asked what percent of local community budgets are allocated for local aid. The revenue for Bedford is about 7-8 percent; less for Lexington; and Concord expects an additional 10 percent decline in state aid. Ms. Mattes asked about the rates of growth in the projected budgets for next year. Mr. Lawson said Concord usually anticipates \$600,000 in additional revenue growth from property taxes. This year there is a 350-unit development coming online that would result in a significant increase in the growth of property tax revenue.

Ms. Mattes asked what direction town agencies and departments are given for budgeting. Lexington said once collective bargaining is done, a separate level-service budget is requested for additional things like program improvements. Lincoln projects a certain percentage of growth and sets expectations based on that projection; they do not start build from level service. Concord projects a percentage of growth, without starting at level service, and adds to that. They then go through a guideline process starting with anticipated financial statements for the next 12-month period and determine a levy limit, which is based on the prior year's limit as well as consideration of areas that have shown growth. Town departments are invited, including schools, to articulate what is going on and what is anticipated. A preliminary guideline is set, considering longer term issues, to create a fuller plan for the budget. Finance Committee's permanent guidelines are set and printed in the budget, circulated in the warrant for approval, and incorporated as decided.

Ms. Mattes asked how Town Meeting handles a situation when the requested budget is more than what is set in the guidelines. It was agreed this is not typically an issue. Mr. Lamb explained these issues are typically worked out prior to Town Meeting but if they do surface they can be a challenge. The school budget, at \$60-70 million, is typically not discussed at Town Meeting. Mr. Rosenberg said in Bedford the financial policy has the ceiling at the levy limit, which has not been reached. There have been debt exclusions but never an override. He asked the other towns how they handle overrides. There has not been an override in Concord in five years; if needed they would take a different approach and request an override as needed, depending on the issue at hand, but avoiding them as much as possible. Lexington has also not had an override in five years. There have been debt exclusions and a political policy to have them unbundled, voted on and broken up into categories to avoid failed overrides. Lexington has a lot of major capi-

tal projects right now and is working to sequence them based on size and expenditures. Ms. Mattes asked how the Capital Expenditures Committee is involved. It was explained there are a lot of committees that help sequence. There was a discussion about the committees' involvement in the budgeting process.

Concord has an ongoing feasibility study for schools, to include Carlisle, but it might not be finalized for Town Meeting as they have to go through an MSBA Board meeting first. They are hopeful for at least the minimum reimbursement from MSBA, which would be around 31 percent. The bottom line is the Selectmen are accountable to set priorities and manage the process. Lincoln is trying to empower the Capital Planning Committee to help with the process. Staging of implementation is important but a challenge. In Lexington, committees request money and the Selectmen make the decisions. Mr. Lamb discussed their role not as decision makers but as advisor to Town Meeting, a role taken very seriously. Everyone discussed overrides and the time-consuming process of requesting budget funding. This is a very collaborative process that needs consistent maintenance. The Committee discussed the difficulty of planning for and prioritizing longer-term plans, to include water treatment facilities, schools and town facilities. Concord tries to make recommendations to allocate money to a class of activities but stay out of the implementation process.

Lexington brought up the Community Preservation program, in which it has participated for just under five years. Bedford selectmen proposed a reduction but it was voted down. Five years is the first opportunity for a town to be able to exit this program. Lexington's policy has been if something is CPA eligible it should be funded by CPA, but this has created conflict with CPC. There was a discussion of the conflicts created with decisions to use these funds. Lexington has used CPA funds for affordable housing projects, historical projects and conservation property purchases, including three-year bonding, but not for debt service. Problems with accumulating debt this way if the program were to be discontinued were discussed; towns would still be responsible for the surcharges. Lincoln has had no affordable housing project opportunities but might in the future for residents who have disabilities and displaced housing. Lexington used CPA funds for a housing project for people with brain injuries and received an award from the state for the project.

Lexington representatives also noted that Minuteman Regional Tech needs a large renovation project. The 16 member towns need to pass an appropriation for planning in order to obtain MSBA funds. There was a major debt exclusion for this, it has been reworked and does not look as ominous. There is new leadership paying attention and costs are reasonably under control. There is a desire to include more towns -- for example, Watertown, Waltham and Medford -- who are not part of the district. This would then impact capital expenditures.

An issue for Lexington is the sequencing of large capital projects, to include three elementary schools and two renovations. One will be replaced to a cost of \$25-30 million without MSBA funds. Concord just finished three elementary schools, the last one was a dead exclusion of about \$36 million, which actually created an influx of 40-50 students. Concord created a \$2.5 million stabilization fund with free cash to help smooth out the tax peak for residents, using \$1 million last year \$700,000 this year. Stabilization funds are for a specific purpose, require a two-thirds vote to initiate and a two-thirds vote to appropriate. Concord's budget projection for the high school is \$75-85 million and they will likely try to do it the same way they did for the elementary school, classified as a major renovation instead of new construction. A proposal for the field house has been discussed but will be a private proposal, one not funded by MSBA. Bedford did not request funding for a field house from MSBA as part of their high school project, aware that local funding would not be matched.

Ms. Mattes asked how the success of the Beede Center in Concord impacts this type of project request; the reply was it is unsure how much. Ms. Mauger asked how the school renovation worked while school was in session. The Willard School was used during session and came down in the summer. No modulars were used but playground space was lost. There was a discussion regarding issues in Concord to include modest increases for the salary negotiations and how they impact small town government and economies of scale, as well as unfunded post-employment benefits. Lexington's post-employment benefit obligations were fully funded until the crash, with incremental funding provided every year through a general purpose stabilization fund. Five years ago there was a negative outlook, but with the new Town Manager things have changed and there is now unused reserve. Ms. Mauger mentioned a few benefits this year, including the resiliency of residential home values and goals of commercial development that are being realized and have increased revenue. These allowed Lexington to contribute to the stabilization fund earlier than planned.

There was a discussion about classifying tax rates. Lincoln has a split rate. Concord has an equivalent rate. Carlisle is based all on personal property tax. Lexington works to balance the interests of the communities in town, as there are noise and traffic issues. Mr. Rosenberg asked if the towns were trying to address the cost of health insurance. Lexington recently renegotiated their coalition bargaining agreement to shift the contribution rate down but had to pay back in salary. They are a coalition community and there has to be special plans in place. Concord has a beneficial structure that will likely not be impacted, with slightly lower wages and generous health benefits. In Bedford there is intense pressure on budgets with no cushions. An issue is bonding road maintenance because of lack of flexibility in the capital budget for a project like this. They came up with an alternative health plan with Tufts to save hundreds of thousands of dollars, imposed on all non-union personnel and management. So far Bedford has realized only one union to buy in and save costs. These things take creative thinking and enterprising and even then taxes can still increase, Mr. Rosenberg said.

Overall issues for Concord are a possible override if the budget next year is like this year. For Lexington it is keeping up with middle age range demographics in the town. For Lincoln it is loss of middle class, as they have 25-30 percent of the population that is at least age 60. There was a discussion of how the economy has impacted the ability of younger families to live in the towns and how this changes their character, people's ability to volunteer and be a part of the town boards and committees, as well as the socio-cultural-political environment. A large issue created is how to incorporate the homestead exemption for the elderly to include deferred tax payments and incorporating the tax work off program. Another issue is the cost and risks of privatization of housing. A recent example is Hunt Pinnacle picking up the Hancorn Air Force Base housing project and contracting to build 250 more units than they were told they needed. Extra costs are borne by surrounding towns to provide services, including education, without compensation. There was a discussion about the housing project timelines and issues. Mr. Rosenberg thanked the financial committee members.

Air Force leadership social event: It was suggested it would be best to utilize the Pierce House in warmer weather, to include the tents provided there. The event needs to coordinate with the military schedule; this can be challenging as things can change at the last minute. The committee discussed determining a schedule, financing and sending out an invitation.

Transportation updates: In answer to Ms. Mattes's question, Mr. Canale stated there have been minor adjustments in the TIP, but the next real opportunity will be for next spring and summer. A transportation plan is underway, a federal requirement to have a 20-year long-range plan that will be budget constrained. Addressing safety will likely be extended because nothing is going on in Congress, with no continuing resolution until next September on the transportation budget. Funding will likely be tighter and level as no

stimulus money has been allocated. Ms. Mattes is a new representative to the MBTA Advisory Board. There is no money for anything at the time, even overhauling and reforming vehicles. A reduction plan has been undertaken but ridership is up. Ms. Mauger mentioned library use has increased but state library funding is down. There was a discussion regarding areas on Route 128 where the rail is imperative to the vitality of the economy. MAPC might be looking to fund a coordinator to obtain an understanding of who is doing what and where in hopes to develop a better transit system.

HFAC Update: Dorothy Steele reported that HFAC met on Nov. 16 and there will be no meeting in December. FAA and aviation business representatives attended the meeting. It is the HFAC chair's goal to increase participation at the meetings and fill representative slots. New leadership in the FAA Tower is implementing a FAA policy that requires them to hold flight strips for 45 days instead of 15 days. Because Massport uses the FAA flight strips to produce aircraft operations and noise data, presentation of the monthly noise report will be delayed. Sara Arnold is retiring from Massport in February.

Next meeting topic: Energy and green communities. Energy committee and sustainability committee members will be invited for Jan. 27, 2011. The committee plans to elect the new chair at the beginning of the next meeting.

Ms. Mattes moved to adjourn. Ms. Mauger seconded the motion. Approved 3-0-0. Meeting adjourned at 9:10 p.m.

—