

Finance Committee
Minutes of May 26, 2016
Final

The Finance Committee met Thursday evening on May 26, 2016, at the Town House Hearing Room, Concord, Massachusetts. Notice of the meeting was duly filed with the Town Clerk, Town of Concord.

Members present: Terri Ackerman, Dean Banfield, Richard Jamison, Linda Miller, Karle Packard, Scott Randall, Wendy Rovelli, June Rzepczynski, Phil Swain, Tom Tarpey, Triveni Upadhyay, and Christina Williams.

Members absent: Daniel Cassidy.

Also present: Michael Lawson, Chair, Select Board; Tony Logalbo, Finance Director; Walter Ohanian, Managing Director, Grantham Group; Philip Posner, Co-Chair, Concord Housing Development Corporation; Janet Rothrock, Recorder.

Chairman Miller called the meeting to order at 7:00 p.m. and noted that the meeting was not being recorded or broadcast.

1. Approval of Minutes: The minutes of the April 28 Regular Meeting were accepted with no edits.

2. Correspondence: Ms. Miller reported that Paul McGinn is resigning due to work obligations.

3. Junction Village presentation:

Walter Ohanian, Grantham Group –

Philip Posner, Concord Housing Development Corporation –

Mr. Lawson reported that the Select Board (SB) has accepted the report of the Junction Village Funding Advisory Committee and will be reviewing its findings with possible actions to be developed for consideration at the 2017 Annual Town Meeting.

Mr. Posner presented on the Junction Village project. The Concord Housing Development Corporation (CHDC) pursues affordable housing initiatives, often by purchasing housing and making it available at affordable prices. This approach relies on housing becoming available from time to time and is more expensive than pursuing a purpose built project. The Concord Junction project would build a facility with 83 senior assisted living units on a 12 acre parcel of land behind MCI Concord and bounded by the Assabet River and the Bruce Freeman Rail Trail. The land was deeded to the CHDC by the state for affordable housing and must be used for that purpose or revert to the state. It would be the CHDC's largest project to date. Land not used by the Concord Junction facility would be designated open space (six acres are too close to the Assabet River to develop). Much of the required surveying and testing has been done and results so far are favorable. The Grantham Group, the developer, is requesting \$3,000,000 from the Town of Concord to enable construction of the project.

The Finance Committee (FC) members raised many questions during an hour long discussion and Mr. Ohanian joined Mr. Posner in answering. Among the questions and points raised were:

Q - Given that the scope of the project changed from affordable family housing to affordable assisted living housing why did the CHDC not put out another RFP?

A – The CHDC feels that the Grantham proposal meets the Town’s original goals. Construction costs and an improved economy increased the project’s cost from the time it was initially discussed until now. Also, part of the development cost increase from initial estimates is attributable to the fact that the site is not “development-ready”. It has no power or water supply available at the property line. A second RFP might not have yielded a lower cost proposal. The CHDC did not hold a neighborhood meeting because it did not think it was an effective use of time. But it did conduct discussions with neighbors and they liked the assisted living concept. The Junction Village project meets the neighbors’ interest in creating many units while keeping the traffic increase to a minimum.

Q – Why is the Town asked to fill the gap rather than the Grantham Group, a for profit organization?

A – Junction Village is an approximately \$17,000,000 project. Grantham will apply for \$5,000,000 in tax credits and at \$0.92 on the dollar, sale of these credits on the open market will yield \$4,600,000. Grantham will also apply for \$1,000,000 in Affordable Housing Trust Fund money. $\$4,600,000 + \$1,000,000 = \$5,600,000$ of other funding coming into the project. Based on Grantham’s projections, the project’s cash flow would support a \$8,300,000 mortgage and Concord’s contribution of \$3,000,000 would bring total project funding to \$16,900,000. Equity partners are the tax credit investors.

The project can’t go forward without the \$3,000,000 from Concord. Concord would be contributing less per unit than it has for other affordable housing projects in Concord and less per unit than other towns have for similar projects (see pp. 20-21 of the handout).

Q - At what point does Concord contribute funds?

A – Concord would put money into the project when it is shovel ready, when the tax credits have been secured, when we go to closing.

Q – What does the Town get in return for its \$3,000,000?

A – Concord meets two goals: With the addition of 83 affordable units, the Planning Department projects that Concord would exceed the 10% affordable housing threshold through 2030, thereby protecting the Town from hostile 40B projects, and Concord would have more affordable housing for its seniors. In addition, Concord residents would get first preference as Junction Village residents and some Concord housing

authority units would become available if CHA residents move into Junction Village units.

Q – What services are offered and how are they paid for?

A – Services, which include bathing, laundry, meals, etc., are apart from the \$16,900,000 building construction costs. Grantham is reimbursed by the state for services rendered but at below market rate. Residents’ rents would be about \$515 per month, about 10% of the cost of comparable non-affordable assisted living units which range from \$4500-\$7500 per month. Average length of stay is 2.5 years at Grantham’s six other facilities.

Q – How will Concord residents apply?

A – Newspaper articles will advertise the opening of the facility and Concord residents will be invited to apply first. Based on the experience with Grantham’s other assisted living units, 75% of the residents would come from Concord, 15% from nearby towns and 10% from outlier towns. Only 4-5 residents move in per month and there are always 3-4 empty units. Leases are for a full year and all units are rental only. People move in when there is a change in their ability to live on their own. Grantham requires each resident to supply a doctor’s medical history, and evaluations by a social worker and a nurse to set up a care plan before they move in.

The FC members requested Grantham’s target IRR (internal rate of return).

Mr. Lawson said that the SB will send the Comprehensive Permit Application for the project to the FC when the SB receives it.

4. Chair’s Report: Ms. Miller reported that FEMA has given Concord \$110,000 for the February 2015 blizzard and that the 2017 Town Meeting will start April 10.

5. Observer Reports:

Natural Resources Commission – Mr. Banfield reported that the Warner’s Pond dredging project Feasibility Study RFP has been issued. This work was funded with a \$65,000 allocation from CPA approved at the 2015 Town Meeting. The anticipated project cost to dredge the pond is estimated currently at \$1,000,000, proposed to be funded, at the 2019 Annual Town Meeting, half by the Town and half by a Community Preservation Committee grant.

Concord Carlisle Regional School District – Mr. Packard reported that February 2018 is the deadline to complete remediation of the high school landfill, including all regulatory closure. The School Committee discussed whether there is adequate parking at the high school. The CCRSD auditor reported that the pension position is favorable but recommended an increase in the amount of funds in the account from which checks are written. A committee is being formed to evaluate the Concord Middle School buildings;

funds for a facilities review were approved at the 2016 Town Meeting, as part of the funding provided in the borrowing authorization approved under Article 12.

Concord Retirement Fund – Ms. Rovelli reported that the Concord Retirement Board reviewed the January 1, 2016 valuation update with its actuary. The Board adopted a revised funding schedule with a 7.0% discount rate, a decline from the previous 7.25% discount rate, but maintaining the 2030 full-funding target date. This is expected to raise the employer cost beginning with the FY18 budget. The Finance Director has estimated that this will require an increase of \$250,000 in the General Fund appropriation. The actuary noted that Concord is well-funded relative to other towns.

Assessors – Mr. Jamison reported on the ongoing dispute between Verizon and 30 towns, Concord among them, regarding valuing Verizon’s equipment and possibly abating their taxes.

6. Review of Finance Committee Mission Statement Draft:

VOTE - The motion was made by Mr. Swain, seconded by Ms. Ackerman to accept the wording initially put forth. Discussion ensued and the motion was made by Mr. Tarpey, seconded by Mr. Banfield and voted unanimously to table the motion.

The wording was revised and new wording was presented. The third bullet point was revised and a new bullet point was added after the third so it now reads:

- Publishing a five-year projection detailing what the total tax burden is likely to be on the citizens of the Town;
- Publishing an annual report highlighting its recommendations on finance-related warrant articles;

VOTE - The motion was made by Mr. Packard, seconded by Mr. Banfield and voted unanimously by the Finance Committee to accept the revised wording.

7. Discussion of Future Topics of Interest to Finance Committee:

Next month the FC will hear from the human resources directors of the schools and the Town. Additional topics that the FC wants to hear about include: the Community Preservation Committee, Other Post-Employment Benefits funding, pension funding, capital planning, long-range planning (including the possible option of budgeting road improvement funding in the capital outlay budget in lieu of annual borrowing), enterprise funds, and the debt exclusion policy.

8. Finance Director's Report:

Junction Village comments to Select Board and regarding Free Cash Community Preservation Act – Surcharge as State match calculation

Mr. Logalbo reported on two articles likely to come up at the 2017 Town Meeting: appropriating \$1,000,000 from Free Cash, and appropriating \$1,000,000 in Community Preservation Committee (CPC) funds over two fiscal years, both for the Concord Junction project. He detailed why it is appropriate to use Free Cash for such a project. He said there is likely to be a discussion about increasing the CPC surcharge from 1.5% to 3.0%.

Mr. Logalbo submitted two Reserve Fund requests on behalf of the Town Manager: for Veteran's Benefits and for the Inspections Division of the Department of Planning and Land Management.

VOTE - The motion was made by Ms. Rovelli, seconded by Mr. Jamison and voted unanimously by the Finance Committee to transfer \$3,500 from the FY16 Reserve Fund to the FY16 Veterans Services & Benefits account #1-520-544/545.

VOTE - The motion was made by Ms. Rovelli, seconded by Ms. Rzepczynski and voted unanimously by the Finance Committee to transfer \$10,000 from the FY16 Reserve Fund to the FY16 INSPECTIONS DIVISION account #1-180-241.

Mr. Logalbo reported that 14 of the 15 Minuteman Career and Technical High School (MCTHS) district member communities approved the new school building project; only Belmont did not. MCTHS will ask them to reconsider and if Belmont does not MCTHS could consider calling a district-wide vote but would need additional time (beyond the current June 30, 2016 deadline) from the Massachusetts School Building Authority to do so. Mr. Lawson pointed out that a town that votes no can withdraw from the MCTHS district and owe no debt.

9. Committee questions/comments: There were no comments.

10. Citizen questions/comments: There were no comments.

There being no further business, the meeting was adjourned at 10: 02 pm.

Respectfully submitted,

Richard Jamison, Clerk

Documents consulted or reviewed at the meeting:

Letter - to Select Board, Town of Concord, from Gregory Howes, Chair, Junction Village Funding Advisory Committee, dated April 22, 2016

CPA Resources, FY 11-15 actual revenues and FY 16-17 projected at November 17, 2015 – Finance Department

Power Point – Junction Village, Update, May 2016, Concord Housing Development Corporation

Landfill Remediation Status Update, 5/18/16, Town Clerk

Concord Finance Committee Mission Statement and Committee Operations, draft, May 26, 2016

FY16 Reserve Fund request #16.3, Veteran's Services/Benefits - \$3,500

FY16 Reserve Fund request #16.4, Inspections - \$10,000