

Warrant Committee Report

Town Meeting

June 18, 2007

A principal function of the Warrant Committee is to report to Town Meeting on all ~~Warrant~~ Articles that involve an appropriation of money. The Belmont Warrant Committee consists of fifteen residents (not necessarily Town Meeting Members) appointed by the Moderator for staggered three-year terms, plus the Chairs of the Board of Selectmen and the School Committee. The Warrant Committee appoints one of its members to the Capital Budget Committee. The Town Accountant, Town Administrator, and Town Treasurer regularly attend meetings.

This report provides Town Meeting Members with a background and explanation of the proposed budget for Fiscal Year 2008.

Budget Overview

The fiscal problems facing Belmont have not changed substantially since last year. Costs incurred by the town are increasing at a rate that substantially exceeds the 2.5% increase in property taxes allowed by Proposition 2 ½. The impact of this limitation is particularly acute in Belmont where property taxes represent about 80% of all revenues. This report highlights some of the most significant problems facing the town in FY08.

- **Fringe benefits for employees and retirees.** In the FY08 budget, the cost of fringe benefits in the Town operating budget is approximately \$14M. Equally important, actuarial estimates of our unfunded liabilities for retirees (health insurance and pensions) are almost \$200M.

Last year, the Town had unfunded liabilities for retiree health care (\$121.6M), pensions (\$41.6M) and accrued leave (\$1.2M). As of June 1, 2007, the actuarial estimate of unfunded liabilities for retiree health care had increased to \$144.6M, and the estimate of unfunded liability for pensions had increased to \$47.8M. This represents an increase of 18% over last year's estimates.

- **Infrastructure needs.** In a speech to the April 2007 Town Meeting, the Chairman of the Warrant Committee alerted the town to substantial infrastructure needs that will face the town in the next three decades. These include:
 - Substantial investment in pavement management. In April, we reported an estimate of \$85M needed to bring our roads back to repairable condition. This was recommended by the Pavement Management Committee in their draft report. In their final report in May 2007, the Committee's cost estimate

draft report. In their final report in May 2007, the Committee's cost estimate had increased to \$125M over 25 years. The increase was attributed to revised estimates of the cost of construction.

- \$250M for buildings and facilities over the next 20 years. Many of our buildings need repair or replacement. These include the Wellington School, the High School, the Library, the Police Station, the Public Works Yard, the Outdoor Pool, and the Skating Rink.
- \$100M for water, sanitary sewer, and storm sewer infrastructure over the next 30 years.

These are growing more expensive every day that we do not fund them.

We started the FY08 budget process with the largest amount of certified free cash in recent memory: more than \$5M. This was due, in large part, to the accelerated collection of overdue taxes by our Treasurer last year. The existence of this free cash created pressures to enhance or expand services in FY08.

The FY08 budget uses almost \$2M of free cash, along with increased taxes allowed by Proposition 2 ½ to pay for increases in the operating budget. Overall, the operating budget increased by approximately 6 percent, providing for slightly enhanced services in both the school department and general government departments, and for restoration of non-personnel items that were cut in FY07.

The Warrant Committee recommends that \$2.6M of free cash be used for non-operating expenses. We propose that \$2.1M be appropriated for a dedicated stabilization fund for pavement management. We also propose that \$500K be appropriated for a stabilization fund, the proceeds of which will be transferred to a fund created to amortize our retiree healthcare liability (when such a fund is approved by the State Legislature).

Therefore, the recommendations of the Warrant Committee provide for short-term operating needs without an increase in taxes. At the same time, we take the first steps toward long-term fiscal stability with appropriations for pavement management and the unfunded retiree healthcare liability.

Last year, the Warrant Committee concluded that the town's current cost structure and level of services is not sustainable, particularly in the area of health insurance. The Town has taken several steps to improve this situation.

- The Board of Selectmen voted to initiate a self-funded health insurance system in FY08. While this system will have no savings in the first two or three years, it has the potential of reducing health insurance costs by almost \$1M per year.
- The Warrant Committee reduced personnel-related costs for FY08 by \$516K.

The purpose of this reduction was to emphasize the need to find a long-term solution to increasing health insurance costs. The current cost structure is not sustainable, and this is a first step toward making substantive change.

In May 2007, the Warrant Committee presented "A Blueprint for Change" to the Town Meeting. Working with the Board of Selectmen, School Committee, and Capital Budget Committee, we have initiated work on structural changes. We have discarded proposals that will not create significant savings, and we hope to continue work on the others.

Our progress has been slower than some might have hoped. The presence of \$5M of free cash may have masked the urgency of our fiscal concerns. In the budget for FY09, our fiscal problems will re-emerge in full force. The town will face a \$2.5M operating over-ride to implement the Pavement Management Committee's recommendations. We also will face an operating over-ride of approximately \$3.0M for FY09. This over-ride will be required merely to maintain the level of services provided in FY08. Without an operating over-ride, services will be reduced. Beyond FY09 the prospect is for continuing overrides or reductions in service as expenses in key areas continue to outpace the 2 ½ percent increases per year allowed without an operating override.

One Town official noted this year that change in Belmont is almost impossible without a fiscal crisis. The underlying crisis, hidden by the \$5M in free cash this year, will re-emerge in 2008. Faced with increased costs and the prospect of increased taxes, we will continue our search for structural change in Town finances and service delivery.

Review of Departmental Budgets

General Government

(Lines 010-099)

Accountant, Assessors, Selectmen's Office, Town Clerk, Treasurer

None of these small departments proposes any expansion in its functions or increases in personnel. Their budgets all increase by only 5% or less. Further Warrant Committee oversight therefore seems unnecessary.

For completeness sake, data on each such department's requested level service budget and number of full-time employees (or equivalent) are set forth below.

<u>Accountant:</u>	Budget	\$320,837
	FTE	3.1

<u>Assessors:</u>	Budget	\$358,261
	FTE	3.38
<u>Selectmen's Office:</u>	Budget	\$682,948
	FTE	3.70
<u>Town Clerk:</u>	Budget	\$305,703
	FTE	3.51
<u>Treasurer:</u>	Budget	\$581,488
	FTE	8.25

*Includes \$295,000 for legal services.

Human Resources

This Department has a budget of \$253,234, an approximately 8½ % increase. The activities of this Department have expanded to include some collective bargaining. Other increases are due to an employee joining the town health insurance plan and an expected increase in consultant fees. The Department has two full-time and one part-time employee.

Information Technology

This is a rapidly expanding department. In FY05 its budget was \$163,466. This increased to \$410,065 for FY07 and a further 25% increase is proposed for FY08. Just under half of the FY08 increase represents a shift of expenses from the school budget. During the same period, staff has increased from two to four full-time employees. The budget for FY08 includes funds for another ½ FTE for an Assistant Network Administrator. In addition, in light of rapidly improving technology, the Department contemplates an annual 20% desktop computer replacement program. The Department will obviously continue to grow unless the Town elects to return to manual recordkeeping. Moreover, based on the comparisons with private business IT staffs, even the proposed staffing level is definitely on the low side.

Police Department

(Lines 110-145)

The mission of the Police Department is crime prevention and the provision of public safety to the citizens of the community. The Department is comprised of seven different divisions; Administration, Patrol Services, Detectives, Traffic, Community Services/D.A.R.E., Records and Joint Public Safety Communications.

Budget and Staffing Summary

The staffing level at the end of FY06 was 47 sworn officers. The current FY07 budget staffing level includes 47 sworn officers. During the first half of FY 06 the Department lost 6 officers due to ~~transfer, resignation~~ or retirement and lost an additional 2 officers in the second half of FY06. Therefore, ~~the actual~~ staffing level at the beginning of FY07 was 39 sworn officers available for duty. There were 6 officers in the Police Academy at the beginning of FY07 and the permanent Chief's position was not yet filled. During the first half of FY07, 4 officers were not working due to either injury or sickness. As a result, during the first half of FY07 the Department was run with only 35 sworn officers. In the second half of FY 07, the 6 officers in the academy were available for duty, an additional officer was hired and is presently in the academy and the permanent Chief's position was filled. The FY08 budget reflects a staffing level of 48 sworn officers which is an increase of 1 officer from FY07. This additional position is for a School Resource Officer which the Department is requesting and strongly supported by the School Department. (Half of the cost for this position will be borne by the School Department.) The FY08 staffing budget of 48 sworn officers consists of 35 officers dedicated to Patrol Services and 13 officers that will handle most of the other functions of the Department which include Administration, Detectives, Traffic, Community Services, Records and the School Resource Officer.

The FY08 budget for the Police Department is \$5,615,908. This compares to an FY06 actual amount expended of \$4,997,251 and FY07 estimated expenditures of \$5,442,316. The increase in FY08 budget over the FY07 estimated expenditure amount is \$173,592 which represents a 3.2% increase. The increase is due primarily to health benefit and step wage increases, additional police cruiser replacements and a slight increase in the overtime budget in anticipation of the retirement and/or transfer of 2 to 3 officers during the FY.

The Joint Public Safety Communications Program provides emergency telecommunications to citizens of the community and to all the Town Departments. It is responsible for answering all emergency and non-emergency calls for both the Police and Fire Departments. In addition, it answers all after-hours calls for the Light Department and the Public Works Department. The Communications Center is staffed around the clock every day. The staffing level at the end of FY06 was 11 FTE's which included 1 Operations Manager, 1 Communications Supervisor, 8 Dispatchers and per diem Dispatcher. The FY07 staffing level and the FY08 budget staffing level includes 11 FTE's.

Policy/Financial Issues

1. Richard McLaughlin was hired during FY07 as the new Chief of Police replacing Acting Chief Richard Lane and Chief Andrew O'Malley who retired on May 1, 2006. Chief McLaughlin has stated that he will work within the confines of the FY08 budget in establishing future goals and objectives for the Department.

2. Injuries, transfers and retirements of sworn officers continue to be a major policy and financial issues for the Department. It reduces the number of sworn officers that are available for duty and increases the overtime, training and hiring costs of the Department. This issue needs to be addressed by the new Chief of Police and the Board of Selectmen to ~~determine~~ if there are any solutions to this ongoing problem.

3. The Department should continue to review regionalization/collaboration ~~opportunities~~ with other communities for the delivery of services, such as 911 dispatches, ~~and~~ the potential cost savings from these opportunities.

4. The Department should continue to make Emergency preparedness a top priority.

Fire Department

(Lines 150-195)

The mission and primary roles of the Fire Department are fire suppression response, fire prevention/education, hazardous materials response, and medical emergency response.

Budget and Staffing Summary

The current FY07 budget includes a total staffing level of 57.5. This total includes 52 firefighters in fire suppression (four teams of 13 firefighters) and 5.5 in administration (Chief, Assistant Chief, Fire Prevention Officer, Assistant Fire Prevention and Training Officer, and 1.5 civilians handling office administration). This staffing level is identical to FY06 and proposed FY08 staffing.

The FY08 budget for the Fire Department is \$4,612,934. This compares to an FY07 actual amount expended of \$4,431,881 and FY07 estimated expenditures of \$4,431,881. The increase in FY08 budget over the FY07 estimated expenditure amount is 4.1% (3.6% over FY07 budget as voted) and is primarily related to step wage and health benefit increases, ~~and~~ increases in training and fuel costs. Over the last three years, the budget has grown at an average annual rate of approximately 4.2%, or slightly below the rate for the Town as a whole.

Policy/Financial Issues

Major policy and financial issues for this department are as follows:

1. *Alignment of needs and resources.* As stated in prior years' reports, although all the Fire Department missions continue to be important, the number of calls to which the Fire Department must respond continues to be heavily weighted toward medical emergency. The Department estimates that it responded to 192 fire incidents in FY07 while providing 1180 medical transports and responding to 452 rescue calls. This follows a national trend. The

majority of resources (equipment and staff), however, have been focused on suppression rather than fire prevention or medical emergency (\$3.98 million out of \$4.43 million expense in FY07). Some of the results of this are: no building plans review officer (recommended by the Chief but unfunded), limited commercial block inspections, lagging oil burner/alarm inspections, and only one ambulance. There has been no progress on this issue in the past year.

2. *Regionalization.* Although the Department supports and continues to investigate opportunities to share resources with surrounding communities, including but not limited to regionalization, there has been no progress in the past year. This continues in spite of energetic and informed efforts by the Chief to move this forward. If no progress is made in FY08, the Warrant Committee suggests the Town consider two options:

- a) Seek agreements with selectmen in Arlington, Lexington and Watertown (or some subset thereof) that their respective chiefs will be tasked with developing a regional plan, or
- b) Begin planning for improved resource allocation without regional cooperation. This is a key element in increasing fire prevention and medical emergency capabilities in the town during times of severe budget constraints.

3. *Building operating and maintenance costs.* As yet, there are no firm estimates on the maintenance costs associated with the two new buildings. This undercuts budgetary planning for adequate maintenance in years ahead. Since Fire Department employees clean and maintain their own facilities and it was designed as a green building, the impact on operating costs will be significantly lower, on a per-square-foot basis, than those of other new buildings. Nevertheless, utility and systems costs will be higher. The new Munis system and the completion of remaining items by the contractors should allow these costs to be fully identified by the FY09 budgetary cycle.

4. *Gap between operating and capital budget.* The cost of a number of items (such as fire hoses) do not recur annually (and therefore produce unacceptable spikes in the operating budget) but which fall below the threshold for inclusion in the capital budget. There needs to be systematic inclusion of these costs in the budgeting process. This is done in the private sector through an annual depreciation charge or the establishment of a reserve fund.

5. *Evaluation of Advanced Life Support (ALS) service.* The Department has repeatedly suggested that in light of the demographics of the town, provision of ALS service would allow both improvements in service and provide a net financial benefit to the town. This decision would have a major impact on personal and staffing decisions and require new agreements with the surrounding private ambulance companies. The analysis required to assess the desirability of this service is reasonably complex; however a grant of \$3,000 to obtain outside help in conducting the analysis has been secured. The Warrant Committee recommends that the Selectmen authorize acceptance of this grant and that a committee including representatives of the Fire Department, the Warrant Committee and a town financial executive be established to oversee this work and prepare a report for the Selectmen.

PUBLIC SCHOOLS

Belmont School Department

(Line 200)

As of May 30, 2007, the consensus of the Belmont School Committee was to support a FY 2008 budget of \$37,350,025 which would be an increase of 7.8 percent over FY07. The School Department and School Committee characterize this budget as a "Revised Level-Service" budget; it is based on presentations made and information distributed by the Superintendent on March 10, 2007. The principal components of the increase over last year are as follows:

	Amount	Increase FY07 to FY08	Budget Impact	Cumulative Impact
Mandated Cost Increases		\$1,533,680	4.4%	
SPED	\$642,843			
Benefits	\$631,966			
Utilities	\$258,871			
Increase in Circuit Breaker Revenue		-\$184,207	-0.5%	3.9%
Level-Service Salary Changes		\$1,120,000	3.2%	7.1%
2.0 elementary teachers	\$91,000			
Step and degree changes and assumed pay raise	\$1,029,000			
Restoration of FY07 Losses		\$277,720	0.8%	7.9%
Supplies	\$40,156			
Textbooks	\$45,397			
Instructional equipment	\$79,167			
Contracted services	\$113,000			
Response to MCAS and NCLB requirements		\$86,368	0.2%	8.2%
0.6 FTE MS math remediation	\$27,724			
0.4 FTE MS reading remediation	\$18,183			
0.5 FTE HS science remediation	\$22,729			
0.4 FTE HS English remediation	\$18,183			
Other changes		-\$10,342		
Cumulative adjustments and corrections		-\$171,988		
Sub-Total increase		\$2,651,231		7.7%
0.5 FTE share of Assistant Network Manager		\$30,000		
0.5 FTE share of School Resource Officer		\$22,000		
Total Increase		\$2,703,231		7.8%

The ~~Warrant~~ Committee does not consider the foregoing budget to be "Level Service." The ~~Committee's~~ concept of "Level Service" is last year's (FY07) level of (i) staffing (number of personnel), (ii) program and (iii) funding of non-salary accounts. Increases in commodity prices, health insurance and nondiscretionary special education costs would be considered part of level service. Enhancements to level service might be critically necessary, but they are still considered enhancements over last year's budget.

Items that the Committee does not consider level service are:

2.0 elementary teachers to control class size	\$91,000
Restoration of FY07 losses in non-salary accounts	\$277,720
MCAS remediation (1.9 FTE)	\$86,368

Assistant Network Manager	\$30,000
School Resource Officer	\$22,000
Total:	\$507,088

“Readjusted” level-service increase over FY07: \$2,196,143 (6.3% increase)

The Warrant Committee would strongly support spending free cash to reach the above “readjusted” level of spending. Subject to the important limitation that is discussed below, the Warrant Committee would support the programs, personnel and restorations that are represented by the School Department’s Revised Level-Service FY08 Budget.

The Warrant Committee recognizes and understands that the School Committee’s “consensus” budget recommendation is a desirable and indeed efficient level of educational spending. Nevertheless, recurring budget increases of 7.8% are simply unsustainable in an environment where property taxes cannot increase by more than 2.5% without an override. In an effort to reduce the rate of increase in the Town budget, the Warrant Committee (three members dissenting) has voted to reduce overall Town spending for FY 2008 by \$516,000, to be shared 60% by the schools (\$310,000) and 40% by the Town (\$206,000). This decision results in a recommendation that the School Department budget be increased by \$2,393,231 for FY 2008. This would be a 6.9% increase over FY 2007 and would result in a School Department budget of \$37,040,025 for FY 2008.

Minuteman Regional Vocational Technical School
(Line 290)

Mission

Minuteman Regional High School (www.minuteman.org) is a four-year public regional high school serving Belmont and fifteen other member towns. Minuteman provides a combination of rigorous academics and preparation for college and career exploration. Its major objectives are to: provide pre-college, pre-career talent exploration and matching to students; provide learners with strong motivation and preparation for college and career paths; help experiential learners to accelerate their learning; provide superior access to science and technology career paths; and provide students with special advantages through business-industry partnerships and college articulation agreements. Additionally Minuteman support students in the development of entrepreneurial and quality management skills, providing career and school-related services to adults and to local school districts.

Budget Summary

The proposed Minuteman budget for FY08 is \$16,745,769 which represents an increase of \$601,271 or 3.8% from the previous year. Each of the 16 District member towns has a monetary amount apportioned to them according to the Education Reform Act and District Agreement. The preliminary figure for Belmont is \$502,174. This represents a reduction of

\$103,000 for FY07 proposed over FY08 actual. The FY 2008 budget for Minuteman includes the reduction of 5 full-time positions. Belmont is assessed for 24 students (total Full-time Equivalent or FTE). Included in this number are 15 students receiving special education services. The number includes 2 postgraduate students. Belmont's enrollment represents a reduction of 12 students from the previous year. The per-pupil cost for Belmont is estimated at \$22,826 and includes a basic differential level of \$4,250 for Special Education students.

Budget Issues

The following issues are major factors contributing to the FY08 budget increases in operating expenses and proposed district assessments: Minuteman anticipates increases in health care costs and in utilities costs, increases in salaries, as well as in costs to develop an admissions recruitment drive due to a decline in enrollment of 56 students. Minuteman also will fund participation in Skills USA Competition. A new transportation contract has increased costs by \$60,000. The State will provide 80% reimbursement and the remainder of the cost will be divided among the 16 member towns. Overall the operating budget has increased by 3.8%.

Budget Challenges

Minuteman faces a number of challenges including:

- Increases in energy costs and other fixed expenses
- New transportation contract with increase of \$60,000. State provides 80% reimbursement, with remainder divided among the 16 member towns
- Increases in health care costs, utility, salaries
- Costs associated with admissions recruitment drive resulting from decrease in enrollment

Policy/Financial Issues

1. Minuteman has more than fully funded its pension system
2. Minuteman split for health care is 75/25 (employer/employee)
3. Minuteman has outsourced its food operations this calendar year
4. In addressing the decline in enrollment, Minuteman should consider use of current staff to implement the recruitment drive, rather than spending money from operating budget.

Office of Community Development

(Lines 302-306)

The Office of Community Development is responsible for building inspection, engineering and planning services. The FY08 budget shows an increase from the FY07 budget of \$53,314 (6.8%). These changes will have the following effects for projects that will be funded:

--There will be additional office equipment in both Planning and CD Administration.

--The restoration of Professional Services will allow for the hiring of consultants at the McLean property and services for unforeseen projects.

The student intern position will not be reinstated. The intern is so inexpensive (\$10/hr.), however, and doing a good job of scanning the records, that consideration is being given to using a small portion of the Professional Services budget to hire the intern for the summer.

The position of a resident engineer and a third building inspector were combined into one position. This will remain unchanged. Additional personnel are not required at this time. Evaluation continues of staffing needs for both construction and Town infrastructure. Outsourcing the engineering and inspection work remains an alternative if funding for roads exceeds \$4,000,000 annually.

Public Works

(Lines 310-324)

The Public Works Department includes the Highway Division (highway maintenance, sanitary sewer maintenance, storm water maintenance, the municipal garage, forestry service, delta and grounds maintenance, solid waste collection and disposal), the Parks and Facilities Group, the Cemetery Division (cemetery administration, burial activities and maintenance) and the Water Division.

Departmental objectives for FY08 are many and varied. They include:

--Continuing centralization of administrative functions for all operations, both customer- and staff-oriented

--the maintenance of public ways for safe use

--the conceptual development of monthly water and sewer billing implementation, possibly combining monthly water and sewer billing with electric billing

- working jointly with the Office of Community Development to identify and repair sewer/drain cross connections
- standardization of the equipment in the public works fleet
- Initiation of long-range planning for both the skating rink and the Underwood Pool.

The Department has requested software for the street opening permitting process to improve the follow-up and efficiencies of the process. This would work in conjunction with the GIS already in place. In anticipation of the opening of the Highland Meadows Cemetery, the DPW seeks a software program to improve the storage of burial records to aid in retrieval of those records.

The Water Division seeks to extend the 5-year financial plan for expenses and revenue generation and work on the water main replacement program. Requested is \$1,200,000 to continue the water main replacement program. As the long-range planning is reviewed and approved, the water main improvement program may borrow a portion of the funds needed to continue this program and stabilize the water rate. Also requested are GIS additions and two pieces of equipment to allow staff to utilize the GIS information more efficiently in the field.

Health Department (Lines 520-522)

The Health Department budget includes programs for Health Administration, Animal Control, the Sealer of Weights and Measures and Youth Services. The goals of the Department include preventing disease, engaging in activities to promote health, and enforcing the animal control by-law and Board of Health regulations to ensure the health and safety of Town residents. The goals of the Youth Services Program, which is administratively part of the Health Department, are to plan events and coordinate a calendar of events for the community's youth; and the Youth Services Coordinator has introduced activities involving families as well as youth, as well as initiating a teen center supported by donations.

The staffing levels for FY06 (actual), FY07 (budget and actual) and FY08 (proposed) are as follows:

	FY06	FY07	FY08
Health Administration*	3.95	3.95	4.15
Animal Control	1	1	1
Weights and Measures**			
Youth Services	0.54	0.54	0.54

*increase in nurse's hours from 10 per week to half time

**annual stipend of \$5,000

The budget by program for FY06 (actual), FY07 (budget), and FY08 (proposed) is as follows:

	FY06 (actual)	FY07 (budget)	FY08 (proposed)
Health Administration	\$254,125	\$278,437	\$283,043
Animal Control	60,710	66,047	67,381
Weights and Measures	5,396	5,430	5,580
Youth	<u>37,071</u>	<u>44,580</u>	<u>42,770</u>
	\$357,302	\$394,494	\$398,774

Bringing the Youth Services Program under the aegis of the Health Department has increased the workload of the Department, although program planning is the responsibility of the Youth Commission (appointed by the Selectmen), and program execution is the responsibility of the Youth Coordinator, assisted by Youth Commission members and volunteers. The Sealer of Weights and Measures was also integrated into the Department in FY04.

The State mandates that local health departments perform food service inspections; respond to residents' complaints about possible health and safety violations in rental housing; review plans for changes proposed by food service establishments; investigate nuisance complaints; monitor day camps, swimming pools, tanning salons and sewerage systems; follow up on infectious diseases; provide flu clinics; act as a depository for vaccines; and participate in community emergency preparedness planning. In addition, the Belmont Board of Health's regulations require the Department to participate in biotechnology licensing, monitoring abrasive blasting by parties, dumpster permitting, and non-smoking compliance. Further, the Health Department regards the following as extremely important even if not mandated: disposal of hazardous products, licensure of day care and after-school programs, social services outreach, blood pressure clinics and a dental program for kindergartens. The workload of the Department increases as more demands are made upon it, and time and personnel must be ready at all times to respond to emergency situations.

Policy Concerns

1. Regionalization and Collaboration. Belmont needs at least a half-time nurse (the FY07 budget for a nurse was for only 10 hours a week, and the position has been vacant since the summer of 2006). It would be an opportunity to share a full-time nurse with the School Department or another community such as Lexington or Winchester. A full-time nurse, which the Department has requested but which is not in the budget, would provide needed coverage now and continuity in the event that the current Department head (a registered nurse) retires. Although the State has established seven regional health districts, they are too large (Belmont's district has 27 communities), and more workable regionalization must be established.

2. Competitive Compensation. As is the case in other departments, Belmont must offer pay and salary grades that will attract competent personnel. The shortage of nurses is reflected in the Town's inability to hire a 10-hour a week nurse.

3. Mental Health and Social Services. The Department suggests that to meet increasing social services and mental health needs, the Town may want to increase staff or hire ~~more~~ professionals.

4. Emergency Preparedness and Increased Regulation. The Health Department has significant obligations with respect to planning for nuclear, chemical, infectious disease, radiological or explosive emergency. New State mandates continually add to Health Department responsibilities in many areas, such as increased swimming pool and day camp regulations. The Health Department staff is extraordinarily dedicated, but they are small in number. If regionalization and/or collaboration do not reduce their workload, it is likely the number of staff will increase or that the Department will need to hire contract professionals.

Veterans' Services (Line 560)

A State statute requires the Town have a Veterans' Agent, who is appointed annually by the Board of Selectmen. The position is now a sub-department of the Health Department with a member of the Health Department serving in this position. The responsibilities of the Veterans' Agent include advising veterans, providing financial aid to qualifying veterans with proved need, and directing veterans to the Veterans Administration medical facilities. The Agent is also responsible for coordination with all veterans' organizations to plan and operate veterans' events and programs.

Comparative annual budgets are as follows:

<u>FY06</u> (actual)	<u>FY07</u> (actual)	<u>FY08</u> (proposed)
\$20,399	\$24,205	\$24,725

Council on Aging (Lines 540)

The mission of the Council on Aging is to improve the quality of life for Belmont's seniors by offering programs and services in the area of health and wellness, educational enrichment, recreation/socialization and social services.

The major issue facing the COA in FY08 is planning for the operation of a new Senior Center the following year. In November 2005, the voters approved a debt exclusion to fund the construction of a new 18,000-square-foot facility on Beech Street to house programs administered by the COA and other community activities. Pledges of contributions of over \$1 million have been received to offset the cost of this new center. Construction was delayed in order to address concerns of the Planning Board regarding parking and buffering, but it is now expected to begin in the fall of 2007. If all goes according to plan, the COA will move in to the new center in the spring of 2009. The Town's lease with the Archdiocese of Boston allows the COA to continue occupying its current space at Our Lady of Mercy Parish Hall through June 2008 at an annualized rent of \$50,000 per year plus taxes. After that date, the Town will need to renegotiate with the Archdiocese to continue the month-to-month rental arrangement until the new center is ready, or it could revisit the option moving the COA temporarily to the modular facility behind the high school.

Changing demographics are expected to increase demand for the COA's services. According to the COA, one in five Belmont residents is now over 60, and there are an additional 3,000 residents between the ages of 50 and 60. The COA director has reported that approximately 38% of Belmont's seniors use the Senior Center currently. It is her hope and expectation that both the number and proportion of seniors that use COA programs will rise once they are housed in attractive and fully accessible new facilities.

The recommended level-service budget for the COA in FY08 is \$443,441 as compared to the \$435,015 budgeted in FY07, a 2% increase. A revolving fund established at \$40,000 in FY06 was increased in FY07 to \$50,000. It is working as intended to fund the majority of COA programs and services on a marginal cost basis via tuition and fees. It is expected to end the year in the black. There is a separate \$6,000 account that is used to fund a few activities that are not expected to pay for themselves, including programs directed at recent immigrants, a support group and outreach events. The total number of FTEs for the Department (including those funded by outside grants) is 8.25, the same as last year. The COA currently has the benefit of temporary part-time custodial services paid for through a federal job training program, a placement that is not expected to continue beyond the end of calendar year 2007.

Policy Concerns

1. *Costs:* The new senior center will feature energy efficient design and systems, but it will be larger than the current leased center. While this will be offset to some degree by the elimination of rental expenses, analysis is needed to project operating costs accurately and to plan for other anticipated increases in costs associated with the new facility, such as custodial services and security.

2. *Program Expenses and Revenues:* Careful planning is needed to determine the types of programs local seniors want most in the new center, and the extent of their ability/willingness to pay for them, given the rising cost of both facilities and staff. While there remains a need to reach out to the most (physically, socially and economically) vulnerable seniors, the new center presents the opportunity to examine what a broader "market" will bear in terms of pricing for senior activities. Likewise, as part of the planning process, a policy is needed for after-hours use of the facility that will bring in revenues to offset the cost of operating the new center.

The Director anticipates modest savings in transportation costs due to the fact that the new center will be closer to larger concentrations of the seniors who will use it. She also notes that the once construction of the new center is underway, the Friends of the COA will be able to turn its attention to fundraising for programs as opposed to facility costs.

3. *Outsourcing:* The current plan for the new meals program at the new senior center is for this activity to be funded and operated by Springwell under the federal Title III program for subsidized nutrition programs for seniors. This may also create the opportunity for Springwell to take over the Town's current Meals on Wheels program, which would reduce staffing costs to the Town (which currently include approximately 12 hours/week in administrative services and 5-10 hours/week in transportation coordination). Springwell currently provides Belmont seniors with rides to medical appointments outside of Belmont and the contiguous towns. According to the COA Director, Springwell has indicated that it does not have the capacity to provide local medical rides to Belmont seniors as well, a service currently provided by the Town. Other nearby towns (e.g., Watertown) hire private transportation vendors to provide local medical rides, rather than paying for vans and drivers in-house. While the dollars involved are not large, this option should be seriously evaluated for cost savings potential.

4. *Regionalization:* More can and should be done to explore the feasibility of shared senior programming and services with nearby towns.

Library

(Lines 610-630)

Belmont Public Library's mission is to provide free and equal access to information, ideas, and to serve the diverse interests of the community through a wide range of resources. It has six service programs: Adult/Reference, Young Adult, Children, Circulation, Technical Services and Benton Branch Library; all are covered under three cost centers: Administration, Public Services and Technical Services.

Staffing levels by cost center for FY06, FY07 and FY08 (proposed) in full-time equivalents funded are as follows:

	FY06	FY07	FY08 Reduced (proposed)	FY08 level (proposed)
Administration	3.38	3.25	3.25	3.30
Public Services	19.05	17.85	16.76	16.87
Technical Services	3.8	3.68	3.73	3.80

The budgets for FY06 (actual), FY07 (est. expense) and FY08 (proposed, level service) for each cost center are as follows:

	FY06	FY07 (est. expense)	FY08 Level (proposed)*
Administration	351,639	349,833	378,797
Public Services	1,003,459	999,494	1,043,935
Technical Services	226,594	241,800	241,870
TOTAL	\$1,581,692	\$1,590,452	1,664,602

*represents a 4% growth over FY07 est. expense

The Library continues to face fiscal challenges in FY08. The Library will need to find new and creative ways to provide services, or prioritize the services that they provide; until the Town finds new sources of funds, cost savings or reductions are more than likely the norm. Although closing the Benton Branch Library was identified in FY07 as a cost reduction, the Library decided instead to offer reduced hours in response to neighborhood input.

Policy Concern

Staffing and open hours continue to be difficult issues for the library. They have been in the forefront for some time now and are two issues which have a negative effect on the library users. Recommendation: The Library trustees should consider changes in contracts to permit more flexible staffing models. More flexible models would enable the Library to ensure that its facilities are open on weekends.

Library Programs

Last year the Library accomplished some of the tasks identified in the Five-Year Long-Range Plan devised by Library Trustees, Town committee representatives, Library staff and community members. In 2006 the Library:

- Reorganized volunteer program
- Implemented a new print management system

- Filled five vacant positions: Children's Librarian, Young Adult Librarian, Circulation Library Assistant and Two Library Assistant technicians
- Began offering downloadable audio books
- Completed Year Two of Three-Year Discard and Replacement program
- Received \$5,000 Verizon grant for literacy
- Added Russian, Chinese and Japanese languages to bi-lingual collection
- Continued to support Belmont Students school needs, including History Day, Critical Essay, Senior Thesis
- Introduced "See the Movie, Read the Book" program
- Enhanced and improved the Library Website

Opportunities

The plan for the coming year covers all aspects of the Library. They range from services (such as increased Sunday openings) to working to educate the town on the importance and need of a new Library facility.

Recreation Department

(Lines 650-660)

Mission

The missions of the Recreation Department are 1) to directly provide recreational opportunities for adults and children (with more limited offerings for teens) throughout the year and including moderately priced summer activities for children, 2) support private youth and adult recreation groups, and 3) to a lesser extent, provide sport instruction.

Budget and Staffing Summary

The current FY07 budget includes a total staffing level of 6 employees of whom most are eligible for healthcare and other benefits. Three of the six are part-time, for an FTE equivalent of 3.9 headcount. This staffing level is identical to FY06 and proposed FY08 staffing.

The FY08 budget for the Recreation Department is \$619,434. This compares to an FY07 budget of \$597,066, and FY07 estimated expenditures of \$594,886. The increase in

FY08 budget over the FY07 budget amount is 3.7% (4.1% over FY07 budget as voted) and is primarily related to step wages, health benefit increases, and other increases in personnel costs. In addition, the DPW budgeted approximately \$528,485 in FY2007 for the maintenance of Recreation Department facilities including fields, the Underwood Pool, the rink, and playgrounds and parks.

Major policy and financial issues ~~for this department are~~ as follows:

1. *Ongoing deficits:* In FY07, as in past years, ~~the~~ Recreation Department is forecasting break-even or a small surplus of approximately \$9,000 and is projecting a small loss in FY08 in terms of its own budget. This excludes the DPW costs noted above, which will be approximately \$535,000 in FY08. While some of this DPW activity supports School use of the facilities, the largest portion of this spending supports Recreation Department programs. Thus there is a substantial town subsidy for what is arguable a non-core area.

2. *Innovation in programs and services:* Other communities' programs provide some indication of what might be done by the Department. For example, the Winchester recreation department has revenues of approximately \$1.6 million and breaks even on a fully loaded basis. It offers a wide variety of programs and regularly introduces new programs. Because the Recreation Department has relatively high fixed costs, successful program expansion would improve its financial situation for all activities.

3. *Potential failure of major capital facilities:* The two major capital facilities managed by the Recreation Department, the Underwood Pool and the rink, are both close to catastrophic failure. The pool has outlived its economic life and is at serious risk of failure this summer. Alternatives for dealing with each include:

--*Rink:* More aggressive marketing or outsourcing of the rink facility has been proposed. There has been little progress toward this objective and no market testing of whether in light of its current facilities this is realistic. If no alternative capital source can be identified, the Selectmen could charge the Recreation Commission with exploring this alternative in FY08. The goal would be to conclude an outsourcing arrangement that would include capital renovation by FY09.

--*Pool:* The Recreation Department ~~has stated that~~ it does not believe that a private fundraising campaign for a new pool has any realistic probability of success. Given the Town's other pressing capital needs, and an estimate from DPW that a short-term and unsatisfactory fix would cost \$175,000, consideration should be given to deciding now to close the pool at the next failure. The land would then be available for other uses.

Debt Service
(Lines 710 – 750)

Capital Project Inventory FY 08

DEBT SERVICE COST FY 08

Description of Debt	Bonded Amount	Issue Year	Year of Payment	Principal Due	Interest Due	P&I Total due	Offsetting Revenue	Offsetting Revenue Sources	Closing Bal 6-30-08
Chenery Middle School	\$ 20,705,000	1996	12 of 19	\$ 1,090,000	\$ 438,748	\$ 1,528,748	\$ 1,528,748	Debt Exclusion and SIAB	\$ 7,630,000
Light Department Building	\$ 1,800,000	2000	7 of 9	\$ 200,000	\$ 22,800	\$ 222,800	\$ 222,800	Municipal Light Department	\$ 400,000
Town Hall Renovations	\$ 1,500,000	2000	7 of 10	\$ 200,000	\$ 32,100	\$ 232,100			\$ 600,000
Title V Loans	\$ 60,160	2001	7 of 19	\$ 3,170	-	\$ 3,170	\$ 3,170	Property Tax Betterments	\$ 37,965
BHS Athletic Field and Track	\$ 2,200,000	2002	5 of 10	\$ 220,000	\$ 42,900	\$ 262,900	\$ 262,900	Debt Exclusion	\$ 1,100,000
Town Hall Complex	\$ 11,950,000	2002	5 of 20	\$ 600,000	\$ 377,610	\$ 977,610	\$ 977,610	Debt Exclusion	\$ 8,950,000
Communication Tower	\$ 128,000	2004	4 of 10	\$ 15,000	\$ 3,038	\$ 18,038			\$ 65,000
Fire Station Construction	\$ 10,000,000	2004	4 of 20	\$ 500,000	\$ 381,750	\$ 881,750	\$ 861,750	Debt Exclusion	\$ 8,000,000
Fire Station Construction	\$ 2,030,000	2006	2 of 20	\$ 105,000	\$ 80,525	\$ 185,525	\$ 185,525	Debt Exclusion	\$ 18,200,000
Concord Avenue Land	\$ 780,000	2006	2 of 19	\$ 45,000	\$ 30,790	\$ 75,790			\$ 690,000
Skating Rink	\$ 185,000	2006	2 of 5	\$ 40,000	\$ 6,575	\$ 46,575			\$ 105,000
Senior Center	\$ 5,945,600	2007	1 of 20	\$ 285,000	\$ 285,000	\$ 570,000	\$ 570,000	Debt Exclusion	
Financial Software - Town	\$ 646,000	2007	1 of 5	\$ 165,000	\$ 32,000	\$ 197,000			
Financial Software - BMLD	\$ 240,000	2007	1 of 5	\$ 60,000	\$ 12,000	\$ 72,000	\$ 72,000	Municipal Light Department	
HVAC - School	\$ 1,000,000	2008	1 of 10	\$ 100,000	\$ 50,000	\$ 150,000			\$ 900,000
Interest on ST borrowing				\$	\$ 25,000	\$ 25,000			
Tax Abatement Int				\$	\$ 2,500	\$ 2,500			
Subtotal	\$ 59,167,760			\$ 3,628,170	\$ 1,803,336	\$ 5,431,506	\$ 4,684,503		
MWRA Bond 4	\$ 650,000	2003	5 of 10	\$ 65,000	-	\$ 65,000	\$ 65,000	Water Receipts	\$ 325,000
Temporary Sewer Loan Rpt.	\$ 2,478,000	2007	1 of 10	\$ 123,950	\$ 105,358	\$ 229,308	\$ 229,308	Sewer Receipts	\$ 2,355,050
GIS System	\$ 68,750	2008	2 of 5	\$ 13,750	-	\$ 13,750	\$ 13,750	Sewer Receipts	\$ 41,250
Total	\$ 62,365,510			\$ 3,850,870	\$ 1,908,694	\$ 5,739,564	\$ 4,992,561		

SHORT TERM BORROWING FY 08 PLAN

Projects	Principal	Interest	Total
Senior Center	-	-	-
Cemetery	\$ 25,000	\$ 25,000	\$ 25,000
Miscellaneous	-	-	-
Total	\$ 25,000	\$ 25,000	\$ 25,000

SHORT TERM BORROWING FY 07 PLAN

Short Term Debt	Interest	Total
Cemetery	30,000	530,000
Fire Station	25,000	1,525,000
Financial Software - T	42,525	417,525
Financial Software - BML	15,750	140,750
	113,275	2,613,275
Senior Center	90,000	90,000
Senior Center	148,000	148,000
	238,000	238,000
	351,275	2,851,275

DEBT AND INTEREST BUDGET SUMMARY

	FY04 EXPENDED	FY05 EXPENDED	FY06 EXPENDED	FY07 VOTED	FY08 PROPOSED
Principal	2,000,170	2,044,170	2,708,170	3,243,170	3,628,170
Interest	1,500,000	1,030,042	1,630,400	1,880,011	1,803,336
Total	\$4,247,168	\$4,074,012	\$4,320,000	\$5,123,181	\$5,431,506

Respectfully submitted,

Liz Allison

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John Bowe (Chair, School Committee)

