

Approved by the Select Board:

Monday, August 28, 2023

**RECEIVED
TOWN CLERK
BELMONT, MA**

Select Board Joint Meeting with School Committee, Warrant Committee

and Comprehensive Capital Budget Committee

DATE: September 1, 2023

TIME: 9:40 AM

BUDGET SUMMIT IV

Hybrid Meeting Location: Belmont Gallery of Art, 19 Moore Street, Belmont, MA

Date: Thursday, January 12, 2023

CALL TO ORDER

A meeting of the Select Board was called to order by Chair Mark Paolillo. Vice Chair Adam Dash and Select Board member Roy Epstein were present, along with Town Administrator Patrice Garvin, and Assistant Town Administrator/Finance Director Jennifer Hewitt.

Meghan Moriarty, Chair, called the School Committee to order with a roll call vote (Amy Checkoway, Jamal Saeh, Jeff Liberty, Supt. Phelan (remote), Tony DiCologero (remote)).

Geoff Lubien, Chair, called the Warrant Committee to order with a roll call vote (Ann Helgen, Bill Anderson, Tom Caputo, Matt Taylor, Laurie Slap, Conor McEachern, Elizabeth Dionne, Paul Rickter, Marie Warner (remote), Bob McLaughlin (remote), Chris Doyle (remote)).

Susan Burgess-Cox called the Comprehensive Capital Budget Committee to order with a roll call vote (Pat Bruschi, Aaron Pikilingis, Susan Burgess-Cox, Larry Link, Chris Doyle (remote)).

Paolillo said we need to leave tonight with a clear view of the challenges that face us.

Geoff Lubien announced that the full detail budget won't be developed until February so we should focus on a high-level view during this meeting.

FY2024 Review of Revenue to Expenses

Patrice Garvin thanked Jennifer Hewitt, Matt Haskell, department heads, Supt. Phelan, and Tony DiCologero for their contributions to the budget process.

Patrice Garvin presented slides on the updated FY24 budget projections.

Revenue Allocation

- Shared services calculations in the operating budget for both municipal and school were refined
- New custodians and liability insurance adjustments were made due to new Middle School
- Benefits (health care) were changed to reflect actual utilization
- Departments produced level-funded budgets
- Shortfall of \$323,500 in the Municipal budget. Town will be working to resolve the shortfall in the coming weeks. Includes the recent union contracts.
- School budget has shortfall of \$6.1M which includes circuit breaker funds and use of \$6.8M from free cash. FY24 out-of-district tuition is going up 14%.

- The current balance for free cash is \$15.5M. We would need to use all the free cash in order to cover the shortfalls.
- Revenue gap for FY2025 is insurmountable and it points to the need for an override in 2024.

Multiyear revenue

- FY24-26 assumptions for revenue include: \$6.8M free cash and OPEB allotment in FY24, 3% growth in out-years, 2.5% unrestricted general aid, does not include cannabis and McLean revenues (these items will be included with future budgets).

FY24 Multiyear expense forecast

- FY24-26 assumptions for expenses include:
 - Schools - 5% increase in salary lines, 7% annual growth of SPED, 2.5% increase of school expenses (not including out of district),
 - Town - collective bargaining, 2.75% increase in salaries, 2% increase in facilities).

Revised Free Cash Utilization

- \$15.5M in free cash available
- Capital and general stabilization funds were reduced
- Seeding of recreation department.

Town Administrator's Recommendation on FY24 Budget Funding

- Dedicate additional \$4M of free cash to the school deficit
- Town is not looking for additional free cash even with reductions
- Move the remaining free cash balance to stabilization funds
- Multiyear budget shows that the revenue gap for FY25 is insurmountable without an override in 2024.

Garvin noted that this is a rough draft. They will continue to develop these budgets in more detail. The focus is on finding new sources of revenue.

After applying the free cash amount, there will be a net deficit for FY24-26 and even with a reduction in the School budget of \$2.1M, there would still be significant deficits for FY25-26.

The question is how much free cash the Town is willing to put into the FY24 operating budget knowing the sizeable deficits in out years?

Paolillo said the remaining free cash balance of \$4.1M is in keeping with net operating guidelines.

Dash said spending down the free cash is unprecedented.

Epstein said we need to follow the financial policy guidelines.

COMMENTS

Jack Weis asked about the \$1.5M that was not included in School Budget in January. Supt. Phelan and DiCologero said the \$1.5M was included to restore the SPED increases and headcounts.

Jack Weis asked about seed money for Recreation Department. Jennifer said it's to help transition the Recreation Department for the FY25 budget.

Aaron Pikilingis asked why we are putting money in stabilization funds when that requires Town Meeting vote approval? Garvin said that the policy allows for transparency.

Bill Anderson asked if we were able to come up with the \$2M additional money for FY24 whether we could retain that savings going forward?

Paolillo confirmed that the plan is that no free cash would be used in FY25 and FY26.

Jamal Saeh asked what additional info we need to put the override on ballot in November?

Marie Warner asked about level budget and staffing. There are open positions in Fire and Police and does this budget reflect keeping these positions? Hewitt said vacancies are included.

Conor McEachern said this looks like a 20% increase in the school budget.

Meg Moriarty said the School Committee is looking at trying to reduce costs, but there is a new school opening and increases to Out-of-district costs. She asked that a decision is made tonight about the amount of free cash that can be used by the schools so that the School Committee can have a realistic discussion about cuts at the next meeting.

Paolillo said we are not delivering level services on the Town side. The schools are asking for level services and the Town cannot afford this increase.

Elizabeth Dionne is concerned about increased cuts on the Town side. We need staff for a sound fiscal future. Could the new schools include space to create programs to limit out-of-district services? She thinks that we should be looking for a superintendent that can be a change agent for this type of innovation.

Meg said that the Superintendent Search is just starting and she agrees that we need a Superintendent who is a change agent.

Amy Checkoway said that the School Committee hears from parents who are frustrated by the lack of staffing at the schools.

Jeff Liberty said that district leadership searches are very competitive. If we want someone to develop programs, we need commitment to public education. The majority of the revenue goes to the schools but that adds value to the Town.

Epstein said if you look at total Town spending over the FY17 to FY23, it was within Prop 2½ limits; however, during that time, the school side increased by 72 FTEs. Out-of-district costs added significantly to this increase. The challenge is to arrive at an override number that is both adequate and can pass.

Jamal Saeh affirmed that the students need the services that have been included in the School Budget. He feels the School Department has gone out of its way to justify each job.

Ann Helgen said the growth in FTEs for the schools exceeds the 3.5% generated in revenue and she thinks the budget does not reflect an effort to deliver level services.

Geoff Lubien said there is a gap in revenue and needs and it will be difficult to maintain levels going forward in the schools, but the budget should attempt to take into consideration the reality of the limitations that exist. We need to ask the community what type of school services they think are most important.

Jamal Saeh said we need to find new ways to create revenue.

Ann Helgen said the School Committee also has to look for revenue that could be generated from the schools.

Paolillo said the Economic Development Committee is looking at ways to create revenue. But at the same time, we need to commit ourselves to level services.

Elizabeth Dionne said that Epstein's numbers are realistic and it is good to bring it out tonight with our group. Revenue enhancements will take 10 to 15 years.

Matt Taylor said he read the governmental guidelines. We need to provide a strategic statement about long term concerns and issues. A framework would help us tonight. We need to establish an organizational strategic goal to address the transition period.

Laurie Slap asked where capital fits in.

Garvin said the Comprehensive Capital Budget Committee will be working on the issues around capital. We are adding \$2.6M to stabilization fund and \$1M to Capital Stabilization Fund for FY25 capital needs. She said the one-time funds have increased year to year and there is not enough revenue to support our expenses. Garvin said we need to find the number that makes us all comfortable.

Paolillo said we need to concentrate on developing a five-year plan and we can't count on the override.

Epstein said if General Stabilization is treated as Free Cash, the balance of \$4.1M is the absolute bottom of the 3% guideline range.

Epstein said they previously discussed an exercise that looked at filled positions vs. budgeted positions. Garvin said they have not yet had a chance to do that analysis.

General Stabilization Fund has a balance of \$1.8M. Epstein would like to see a more careful calculation undertaken so we know the amount in reserve funds.

Paolillo said we need to produce a strategic plan for the community about the override. We will probably need more than \$6.5M. We can't talk about the failed override, let's just talk about the future.

Bill Anderson said that he feels the community will ask what has been done since the failed override and what spending limits have been put in place. The public wants to see discipline on the spending side.

Chris Doyle said a lot of the increases on the school side are mandated by the federal government. If you extract the federal requirements and then show what we are spending per pupil, it leaves us with an extremely low budget.

Paolillo said our state legislators are planning to attend the next School Budget meeting to brainstorm about help with the federally mandated expenses.

Aaron Pikilingis said we should be working on a Comprehensive Master Plan. It would be good to codify the goals and run them by the community in a vision exercise.

Jamal Saeh asked about the \$4M proposal for the schools? Paolillo said the next Select Board meeting is January 23rd and the Board could debate this point at that meeting.

Meg Moriarty asked for a range tonight. The Select Board agreed that the \$4M is available as a working number and that would involve a \$2.1M reduction on the school side. Epstein said there are vacancies that may add to the positive variance, but this is the last year that would be available.

Geoff Lubien doesn't think we will see replenishments from the school budget like we have had from the past two years during the pandemic.

Paolillo noted the four action steps: 1) assistance from legislators, 2) identification of certain level of one-time funds, 3) working closely with the schools in management of growth, 4) multi-year projections. He thinks that the fifth step will be to construct a communication plan that will successfully inform the community of the budget needs.

Conor McEachern said the use of one-time funds has created a huge gap and he wants to make sure the public knows the magnitude of the unsuccessful override. Service delivery has to be reevaluated.

PUBLIC COMMENTS

Alison Lenk, pct. 8, Town Meeting member said that in 2015 the override that passed was supposed to address the condition of our roads and that goal has not been realized. In 2018 the Collins Center said spending needed to be curtailed and she would like to see that be more of a focus. She asked why we need 20 new Middle School staff?

Meg Moriarty said the School Department posted memos about the positions and they can be read online. Meg said that the School Committee will be reevaluating the need for those positions.

Paolillo announced that we are leaving here with the decision that we will be expending the \$4M as recommended by the Town Administrator.

Meg Moriarty said the next School Committee meeting is January 24th and they plan to address the fringe and custodial at that meeting. Senator Brownsberger and Representative Rogers will attend the meeting.

Weis commented that the Warrant Committee should meet before the School Committee. Geoff Lubien said the Warrant Committee may decide to meet earlier.

Chris Doyle made a motion to adjourn the Comprehensive Capital Budget Committee

Geoff Lubien made a motion to adjourn the Warrant Committee.

Meg Moriarty made a motion to adjourn the School Committee.

Adam Dash made a motion to adjourn the Select Board.

Submitted by

Virginia Quinn

Recording Secretary