

**THE MINUTES  
OF THE  
WARRANT COMMITTEE MEETING  
January 15, 2003**

Chairman Widmer called the meeting to order at 7:37 PM.

Members absent: W. Hofmann and L. Oates

Also present: Town Administrator Melvin Kleckner, Selectman Anne Marie Mahoney, Selectman Paul Solomon, Town Accountant Barbara Hagg, School Committee Member Scott Stratford, and Town Treasurer Susan Kendall Freiner

*Handout(s) given out tonight:*

- (1) Reserve Fund Transfer listing handed out by Town Accountant Hagg
- (2) FY04 Budget Book

***Acceptance of Minutes***

The Committee discussed and the minutes of the January 8, 2003 meeting.

- *Member Heigham made a motion, Member McCormick seconded said motion, and it was unanimously voted to accept the minutes as amended of January 8, 2003.*

***Reserve Fund Transfers***

Town Administrator Kleckner informed the Committee the Board of Selectmen voted to approve the request of a Reserve Fund transfer regarding the Town Hall settlement. He is bringing the Transfer Request to tonight's Warrant Committee meeting. As a reminder, Project Manager Joseph Barrell spoke with the Warrant Committee in Executive Session on their January 8<sup>th</sup> meeting regarding this issue.

Town Accountant Hagg presented the Reserve Fund spreadsheet (*Handout 1*) of transfers already made from the Reserve Fund along with potential estimated shortfalls. The spreadsheet does not include the \$82K pertaining to the Town Hall settlement (discussed above), leaving an estimated potential balance of \$66K of the Reserve Fund.

Member McCormick asked if Project Manager Joseph Barrell discussed with someone prior to the final settlement. Town Administrator Kleckner informed Member McCormick that he and Town Counsel worked with Mr. Barrell regarding the Town Hall case and settlement.

The Committee discussed the various potential estimated shortfalls from the spreadsheet. Town Accountant Hagg noted the Fire OT is due to the 53<sup>rd</sup> week of payroll.

Chairman Widmer asked what is the current total of the Snow budget. Town Accountant Hagg said the current amount used is 63% of the current budget. This and the other topics will be discussed further during the Saturday morning budget hearings.

Chairman Widmer also asked the Town's degree of exposure regarding health insurance tailings. Town Administrator Kleckner noted the Town pays for the claims ourselves, and there is insurance to pay for "catastrophic" claims that exceed a certain limit. It is hard to say the definite amount of exposure due to many variables. There is money set aside in a Health Insurance reserve account for this issue. It is not anticipated to come from the Warrant Committee Reserve Fund.

- *Member Flewelling made a motion, Member Heigham seconded said motion, and it was unanimously voted to transfer \$82,000 from the Warrant Committee Reserve Fund to the Claims and Settlements account.*

### ***Other***

Member Brusch and some others updated the Committee on the Massachusetts Municipal Association Conference she attended last week. The Governor is looking at maybe a \$600million deficit of that he would like to recover ? in local aid. The House passed a resolution saying the cuts have to be fair across the board, meaning an equal percentage from each community. Chairman Widmer said the Senate does not like this resolution, and they could make the cuts be by category. This would create an unequal impact on the communities since not every community would have every category.

The cuts the Governor is talking about are coming off the last ½ of the current fiscal year. For example, if it is a 10% cut it would be a 10% cut of the last ½ of the year, or a 5% cut overall. The Governor will have a better idea of how much he would cut at the end of January.

The School Building Assistance (SBA) looks like it will be cut in FY04. Member Brusch's concern is the Chenery Middle School. They may even start cutting the communities in which they have already started making payments. In talking with other people at the Conference, the likeliness is that those already receiving reimbursement would be cut last. The communities who have projects approved but not funded would have difficulty in getting reimbursed. The SBA is not encouraging communities to put schools on the list unless it is an absolute emergency (i.e., fire). It looks like the Chenery money is safe, but it is not completely a done deal. Treasurer Freiner added Chenery reimbursement is at year seven of a 20-year reimbursement.

The Department of Education indicated that Special Education (SPED) will be covered in total by the federal government if the State cannot fund it for FY03. There will be regulations to allow the Town's books to be closed with SPED reimbursement still outstanding. Belmont would be outstanding about \$67K. The Governor said he is

willing to trade local aid cuts for mandates (i.e., SPED, Quinn Bill, etc.). Lt. Governor Healy is being sent to communities to hear their responses. Member Brusch said she would like a few of the Committee members to work with the School Committee on a list regarding mandates.

Member Curtis asked what happens if the Town does not pay the State's share of SPED to the schools while waiting for State reimbursement. Member Schafer noted it should be a part of the regulation that the schools would have to wait for the State to reimburse the schools directly. Member Curtis is concerned with who is bearing the risk of the outstanding SPED balances.

Chairman Widmer mentioned on last Saturday at the MMA Conference he presented the "bleak picture" of the State's fiscal position. He will make a shorter version of this presentation to the Warrant Committee at a later date.

Town Administrator Kleckner talked of a State Aid reduction of \$450K for *FY03*. This is a 6% reduction if Belmont were to take a disproportionate hit. It may be a conservative figure, but that is something that will be determined soon from the State.

### ***FY04 Budget Presentation***

Town Administrator Kleckner presented his FY04 Budget proposal with Town Accountant Hagg on Monday January 13<sup>th</sup> to the Board of Selectmen. The Warrant Committee all has a copy of his presentation included in their FY04 Budget Books (*Handout 2*).

Town Administrator Kleckner went through the FY04 Budget presentation included in the FY04 Budget Book. The Budget is \$73 million inclusive of Town and Schools. Debt will be increasing significantly next year. There is an increase in the General Tax Levy (which includes last year's excess tax levy capacity). There is no McLean development revenues or expenditures included in FY04's Budget.

Member Callanan asked if there is a ballpark figure of current legal expenses related to McLean. Town Administrator Kleckner noted there are no current major expenses because it is not very active at present.

The allocation to the School Department is a formula. There is a fully funded payroll period (0.6 of a week) the Town is funding for FY04. The employee wage issue assumes a policy that would link employee wages and benefits with Town revenue growth.

Member Brusch asked if the manager's salaries for FY04 were the yearly salary or the yearly salary plus 6/10 of a week. Town Administrator Kleckner answered management (approximately 15 people) would be funded at their yearly salary. The FY04 salary level is not determined yet because the Board of Selectmen have not yet fully discussed and settled the FY03 management salaries. Member Hobbs asked if the Town could pay

managers semi-monthly. Town Accountant Hagg noted running a separate warrant for 15 people would be very cumbersome for the Town.

Town Administrator Kleckner reviewed some revenue issues: 2½% increase of the tax levy limit, increased temporary debt exclusion taxes, constant local revenue estimates and a modest increase in the reserves and fund balances.

The School funding allocation is based on the relative percentage of its share of the prior year and giving them a percentage of revenue growth. It was done some time ago, and there have been some changes since it was initially allocated. School Committee Stratford asked about the formula. Town Administrator Kleckner noted the formula is constant, but there is increased school funding due to increased revenues.

Member White asked if there could be a short discussion in the future of the Town/School allocation formula. Chairman Widmer agreed.

Town Administrator Kleckner went further to discuss the reduced services included in the FY04 Budget. There are eight staffing positions reduced from FY03's Town budget, not the current FY03 staffing. He also reviewed the policy and management initiatives for FY04. Chairman Widmer thanked Town Administrator Kleckner for his presentation.

Member Miller reviewed with the Committee more specifics of the School FY04 Budget. Member Schafer noted the Education Subcommittee will review the FY04 Budget from the School Department and they will decide how to proceed in presenting it to the Warrant Committee.

Member Schafer asked if the budget cuts would be a percentage decrease across the board. Town Administrator Kleckner did not recommend across the board reductions because it is hard to cut a small department especially if there are no vacancies. The larger departments took the hits harder since that is where more the vacancies are located. Selectman Brownsberger noted the Town needs to look long-term and FY05 is still going to be a difficult year. He agrees the Town needs to set aside reserves and look at every department in order to bring the Town into a stronger FY05.

Member Kobus asked where the money would go if the Town did receive any McLean or Alewife revenues. Selectman Brownsberger responded that some of those new revenues would likely have associated expenditures, but the Board of Selectmen has not discussed this as a whole. He added one-time revenues typically go to reserves or capital expenditures. Treasurer Freiner noted bond rating agencies and others would prefer the Town having more reserves.

Selectman Brownsberger would like the Committee to think about this past year because we were conservative on the revenue estimating is there a mechanism that any contingent appropriation can be put directly into a Stabilization Fund as opposed to not being allocated at all. This year we ought to think about this issue for next year. Member Brusck asked if the tax rate could be set later if the Town goes to quarterly tax billing,

since the first billing will be estimated anyway. Treasurer Freiner noted for some, quarterly billing is good, but for others it would be difficult.

The Committee discussed upcoming meetings and decided the next meeting will be on February 5<sup>th</sup>. **The Committee will not be meeting on January 22<sup>nd</sup> or 29<sup>th</sup>.**

Member Flewelling made a motion, and it was unanimously voted to adjourn the meeting at 9:18 PM.

Respectfully submitted,

Kristina E. Frizzell

Recording Clerk