

**THE MINUTES
OF THE
WARRANT COMMITTEE MEETING
January 8, 2003**

Chairman Widmer called the meeting to order at 7:40 PM.

Members absent: L. Oates, W. Flewelling

Also present: Town Administrator Melvin Kleckner, Assistant Town Administrator Munro, Selectman Anne Marie Mahoney, Selectman Paul Solomon, Town Accountant Barbara Hagg, School Director of Finance & Administration Gerry Missal, School Committee and Capital Budget Committee Member Scott Stratford, and Town Treasurer Susan Kendall Freiner

Handout(s) given out tonight:

- (1) Funding of Police Traffic Grant handed out by Town Administrator Kleckner
- (2) Reserve Fund Transfer for Settlement of Town Hall Project Claim handed out by Joseph Barrell

Acceptance of Minutes

The Committee discussed and the minutes of the December 4, 2002 meeting.

- *Member Hofmann made a motion, Member Heigham seconded said motion, and it was unanimously voted to accept the minutes as amended of December 4, 2002.*

Board of Selectmen Budget Sessions 1/25/03, 2/1/03, and 2/8/03 (handout previously distributed)

Chairman Widmer ensured the Committee members had received the handout of the budget sessions and made sure there were no problems with the dates for the members. He informed the new members attendance is requested each of the three Saturdays, but is mandatory for the member's subcommittee department meetings.

These Saturday meetings will be held at the Town Hall Selectmen's Meeting Room.

FY04 Revenue Picture Update

Chairman Widmer talked about the State's budget picture both for the current fiscal year and FY04. The State's forecast for January-June of this Fiscal Year is a projected growth from a year ago, but only a slight increase. The outside projection is \$500 million in revenue deficit, leaving a total FY03 deficit of \$500-\$600 million. The State is expected to use some one-time reserves to help cover these FY03 deficits, but that will leave FY04

in a very difficult and serious position. Governor Romney cannot make cuts in local aid. He would need a legislative agreement to expand his powers to adjust local aid. The best that will probably be done is a 10% cut in all local aid. Unless the federal government bails out the states, which is not expected, then FY04 is looking pretty grim. Town Administrator Kleckner said the Town is prepared to adjust the State Aid downward for the FY04 Town Budget.

Member Kobus asked what the impact on the Town would be with such a reduction in State Aid. She recommended the Town start looking at worst-case scenarios. Town Administrator Kleckner noted his estimates are done with that in consideration. The Town Administrator's budget is a work in progress slated for completion before the January 13th Board of Selectmen meeting.

Member Heigham asked the number of State Aid payments received by the Town in FY03. Town Accountant Hagg noted there have been two payments as of now.

Member White asked if it was a reasonable assumption the State Aid would be "at plan" this year but down about 15% next year for Belmont. Chairman Widmer responded that he was not even sure it would remain at plan for this year. He went further to discuss charter schools have been slashed and it is uncertain for this year what will happen. This will cause immense pressure on the legislature because of all the districts that are represented.

Member Schafer and Member Miller discussed Special Education (SPED). For severe SPED placements, there is a 50/50 rule, and the State is talking about not funding their half. Belmont's unfunded portion will be \$67K for the 4th quarter. There are only three children in the out-of-town placement program. School Director of Finance & Administration Gerry Missal said we are about \$200K over-budget in SPED. Some money can be recovered by attrition savings, but not the \$67K. He will be asking the School Committee to request the Warrant Committee to encumber some or all of this amount. Reimbursement may occur, but not until August (next fiscal year). Member Miller noted next year's 50/50 reimbursement rule is still uncertain. The 50/50 split was supposed to have stopped being done, but they held it over a year.

School Committee Member Stratford noted it is very uncertain what will happen next year due to many variables. Mr. Missal noted there may be some good news for next year. Several students Belmont is paying for currently will be off the roles for next year due to being older than age 22. Only one student is expected to be in the out-of-town program next year.

Member White said as an aside he would like to encourage the School Committee to be as realistic as possible about SPED and attrition so that the Warrant Committee can compare apples to apples. Member Miller responded the School Committee is putting every effort into making their best educated estimates in SPED especially.

GASB 34 Implementation

Town Accountant Hagg spoke a little on GASB 34 background. The regulation says they want the accounting statements to be more measurable. In order to maintain our AAA bond rating, the Town will need to comply with GASB regulations. It is an enormous project. The Town is aware of it and is addressing the problem, but it has been slow due to staffing issues. There is \$15K set aside in the Accounting budget. A software package is needed to maintain these records. The Town can save money by inventorying things ahead of time, but it will still be costly in having outside consultants coming into the Town.

Mr. Stratford asked about the Capital Budget side and if this is something the Capital Budget Committee will have to bear in mind, or is it something the Town is concerned about for complying with the financial statements.

Town Accountant Hagg noted the capital infrastructures are the biggest dollar amount portion of the assets listed, and the Town will take the value determined by the Capital Budget Committee and allocate the accumulated depreciation to determine the net value. Town Administrator Kleckner does not think it will change the budgeting process and front-end of things initially. This regulation was created to show the fiscal health of a community to their citizens and investors. He does not think it will affect the Capital Budget process. Mr. Stratford was concerned with depreciation schedules and replacement schedules. This should all come together in the next few years, but it should not affect current budgeting processes.

Member White asked if there is a current listing of the Town's fixed assets. Town Accountant Hagg noted she does not have one, but there are many things being done to pull this all together. The Town has a fleet listing, and the Assessing Administrator Bob Reardon is working on a Town land listing/values. Department Heads have also been asked to be involved.

Cost Cutting Initiatives

Public Works Consolidation (handout previously distributed)

Town Administrator Kleckner reviewed the Public Works Memo from December 17, 2002. The presentation discussed in the memo cannot be made on February 3rd and Town Administrator Kleckner asked if the presentation can be made at the Warrant Committee's February 5th meeting instead. Chairman Widmer noted this will be a good idea and may expedite the process.

There are budget hearings for those Public Works departments involved with the consolidation on January 25th and Chairman Widmer asked Town Administrator Kleckner if those meetings should be conducted as if there were no changes planning to occur. Town Administrator Kleckner responded that would be best since the consolidation will not be completed in time for the FY04 budget.

Member Heigham asked a Public Works consolidation would require not only a Town Meeting change, but a request made to the State as well. Town Administrator Kleckner responded both will be addressed at the appropriate time.

Town Owned Vehicles

Town Administrator Kleckner noted the policy has been addressed and is in good shape. An inventory is included with this year's budget requests and there will be an audit done in the near future regarding the best usage for Town vehicles.

Chairman Widmer asked when would be a good time to come back and review the vehicles issue. Town Administrator Kleckner responded his main priorities are the FY04 Budget and the Public Works consolidation, but he is very interested and committed in making changes and going further into this issue.

Other

A settlement of the first phase of the Town Hall settlement was reached and discussed briefly at the last Warrant Committee meeting. Town Hall Project Manager Joseph Barrell came to discuss a Reserve Fund Transfer for Settlement of Town Hall Project Claim (*Handout 2*). The agreement is signed but the money has not all changed hands. The contractor, PJ Gear, has been paid, but the remaining amount of money is still being held.

The Committee discussed whether this issue should be in Executive Session.

With 15 members present, Chairman Widmer and the Warrant Committee took a roll call vote adjourn regular session and enter into Executive Session at 8:29 PM for the purpose of discussing the Town Hall settlement, management pay increases, and an update on collective bargaining issues.

Respectfully submitted,

Kristina E. Frizzell

Recording Clerk