

**Belmont Warrant Committee Meeting Minutes**  
**FINAL**  
**November 3, 2010, 7:30 p.m.**  
**Chenery Community Room**

Present: Chair Allison; Members Becker, Callanan, Dash, Epstein, Grob, Libenson, Lynch, Manjikian, McHugh, Millane, Sarno, Smith; BOS Chair Jones; School Committee Chair Rittenburg

Town Administrator Younger and Town Accountant Hagg

Members Absent: Brusch

The meeting was called to order at 7:30 pm by Chair Allison.

Chair Allison began by reviewing the evening's agenda.

She then acknowledged the death of former WC Chair Phil Curtis's son, Jon Curtis, who was killed in action in Afghanistan on Monday. She noted that the US Military is the most respected institution in US society and that we all owe a debt of gratitude to the service of military personnel and to the service of Jon Curtis. The WC stood for a moment to honor Spc. Jon Curtis.

***Update on Warrant for November 8 Town Meeting***

**Article 1: The Water Enterprise Fund**

Chair Allison noted that the WC is prepared to address any questions that might arise on this article.

**Article 3: Military Abatement**

Chair Allison informed the WC that this article was withdrawn by the assessors as they currently have the authority to offer an abatement for hardship under the existing by-laws.

**Article 9: Consolidation of the Buildings**

WC members noted five areas from where savings might arise from this article:

1. consolidation of one less senior position
2. some economies in terms of scheduling
3. reduced cost in capital expenditures
4. more leverage with outside vendors because of greater size
5. lower space requirements for the department

Town Administrator Younger informed the WC that the Board of Selectmen were unanimous in supporting Article 9. He also noted that the Barn By-law article has been withdrawn.

### ***Brief Reports on Subcommittee Meetings***

Chair Allison requested that subcommittee chairs give a very brief report noting specifically if the subcommittee has met and if it will be ready to report on December 15<sup>th</sup>.

Member Smith, Chair of the Culture and Recreation, said the subcommittee has met and anticipates being ready to report on 12/15/10. Member Lynch, Chair of Public Safety, said the subcommittee has met and anticipates being ready to report on 12/15/10. Member Millane, Chair of General Government noted that while the subcommittee has met, they would like more specifics on what is expected for the report due December 15. Additional WC members agreed that more detail regarding the December 15 report would be helpful. Chair Allison said she will provide more information on the what the reports will cover. Member Epstein, Chair of Public Works and Community Development, said the subcommittee has met and anticipates being ready to report on 12/15/10. Member Libenson (reporting on behalf of Chair Bruschi) noted that the Education subcommittee has met and expects to be ready to report on 12/15/10.

### ***Background for FY2010 Budget: State (Mike Widmer)***

Chair Allison reminded the WC that the town and school will provide either a level-service budget, a needs-based budget, or an available-revenue budget. Inputs from the state level (local aid) will inform the decision process in knowing which budget will be brought forward. Other factors include Belmont FY12 budget projections and how the budget process was approached last year.

Town Moderator Widmer approached the WC table and began by noting that the defeat of Ballot Question 3 has helped the state budget in avoiding huge devastation. The current budget year looks OK, he said, as we are doing better on the revenue side than is actually built into the budget. However, there are Medicaid deficiencies – but federal assistance may be available there. The state should end FY11 with a small surplus, but he stressed that \$2B of one-time money was infused into the FY11 budget. For FY12, this \$2B in funding (federal stimulus) is unlikely to be offered again.

The state has reserves of \$450M and it could use \$100M in FY12, but there will still be a hole of \$1.8B from the one-time money.

Mr. Widmer continued: There are three big accounts that are hard to control:

1. Medicaid (health coverage for seniors, low income families, and the disabled)

2. debt service (principle and interest on bonds)
3. pensions, which are well under-funded throughout the state; there is a \$900M increase to the pension fund in 2012. This is an area which needs to have real reforms, including changing (“upping”) age requirement for qualifying.

Due to ballot question One passing, the state will lose revenues up to \$100M from the alcohol tax repeal.

There will be a deficit for FY12 and this deficit will impact local aid by 5-10%, depending on the community. FY12 will be a difficult year in terms of cuts, and it will come on top of three consecutive years of cuts. There will be no return to “normal” for Massachusetts. The structural issues facing the state, the recession, and the continuing rise of Medicaid – all make for a budget that is difficult to control.

Mr. Widmer noted that, on the revenue side, there will now be a cap on how much from capital gains can be used in the operating budget. This diverted money will be used to help build up the reserves. Also, stock market revenues won’t be used in local aid. So, while these are positive budgeting practices, they will limit local aid.

The WC then asked Mr. Widmer about various reforms that the state might implement regarding health insurance and pensions. Widmer replied over time there will be some changes, but that the state is legally obligated to pay pensions. While he expected Belmont to receive a 10% cut in local aid, Widmer said he was 95 percent certain that the cuts would be 20 percent or below.

### ***Recap of Spring 2010 Budget Discussion***

Town Accountant Hagg (referring to the *Estimated Revenues FY12* handout) noted: I deducted 15% in local aid distribution from the revenues to incorporate the drop in state aid. The overlay reserve had been higher, but was recently lowered (at the WC’s urging). We recently made a payment to the retirement system and there is \$1M dedicated to roads, which is increased by 2.5% each year. Minuteman is \$850K a year and it is difficult to make changes there. Health Insurance expenses are \$10M and are up by 7% (up \$700K with the same number of employees), noted Hagg.

BOS Chair Jones said that the retirement plan contribution is too low and that there is a crisis looming down the road in not being able to pay this. He also noted that the OPEB liability is \$182M and is actually larger than the pension obligations. It will keep growing until health insurance costs are cut via plan design changes, collective bargaining, etc.

Chair Allison informed the WC that the process for moving forward with the FY12 budget would include determining the Operating number budgets and dividing the revenue among town and school, with the capital budget subtracted from the town side.

A handout showing the updated revenue predictions was distributed. Chair Allison noted that \$862K was all that was available in discretionary spending for the FY12 budget. This represents a very small number. Town Accountant Hagg, in response to a question about free cash, replied that we had \$3M in free cash, but \$2M has been allocated to the FY12, leaving only \$1M in free cash.

### ***Discussion of FY12 Budget***

Chair Allison reviewed the three principles identified by the WC last Spring for arriving at the town and school split:

- The WC should respect TM allocations. It is not appropriate for the WC to make substantial changes in those allocations.
- The WC should discourage one-time money use for recurring expenses.
- The WC should try to avoid absolute increases in town-appropriated money that went into each budget.

Chair Allison asked two questions: Do we want to apply these principles again? What should the WC be asking for in terms of budgets?

While there was consensus that these are the correct guiding principles, SC Chair Rittenburg said that next week seemed a very short time span to determine the split. Is half a night adequate time to make this decision, she asked? Rittenburg then proposed that the SPED costs, which account for 15% of the total school budget, be taken out and treated in a different way. Then, the remaining 85 % could be treated in a way that is similar to the town budget.

Chair Allison said she is determined to get the budget to TM in April and therefore it is an appropriate time to decide on the split. The budget deadline is January 11 and the split needs to be decided now or the April TM budget goal will be in jeopardy. It is difficult to measure the benefits of money spent, and a timely budget will help people to not think about the tradeoffs but also aid in clarifying the choices. Town Administrator Younger agreed that the guidelines are important, but we need to know the revenue number in order to determine budget priorities.

Chair Allison replied that the numbers will be available by Friday and that the WC will discuss both level service and available revenue budgets for next week.

### ***Approval of Minutes for 10/13/2010, 10/20/2010***

The minutes of October 13 and October 20 were approved with two abstentions for the 10/13 meeting and one abstention for the 10/20 meeting.

### ***Adjournment/Wrap-Up***

BOS Chair Jones moved to adjourn at 9:20 pm.

Member Epstein provided a wrap up summarizing what was covered at the meeting.

Submitted by Lisa Gibalerio  
WC Recording Secretary