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**BELMONT WARRANT COMMITTEE MEETING MINUTES
FINAL**

**DECEMBER 4, 2013, 7:30 P.M.
CHENERY COMMUNITY ROOM**

Present: Chair Libenson; Members Allison, Baghdady, Bruschi, Dash, Epstein, Gammill, Grob, Helgen, McLaughlin, Mennis, Sarno; BOS Chair Paolillo; School Committee Representative Slap

Town Administrator Kale

Members Absent: Manjikian

The meeting was called to order at 7:31 pm by Chair Libenson.

Chair Libenson began by turning to the first item on the agenda. He introduced Ms. Linda Bournival.

OPEB

Ms. Linda Bournival, Consulting Actuary from KMS Actuaries, appeared before the WC to present an overview on Belmont's OPEB scenario. She began by explaining the GASB 45 index. This index refers not to pension funding, but to retiree medical/dental benefits. She noted that Belmont is contributing to an OPEB trust, but that funding this trust is not mandatory.

Communities with more than 200 employees must be evaluated every two years. The Annual Required Contribution (ARC) is figured out during this evaluation. She reviewed the eligibility criteria, noting that retirees contribute about 20-50% of the premium. She reviewed the major economic GASB 45 Assumptions, including discount rates (about 5%), partial pre-funding, health care cost trends, participation rates, spouse coverage, and data on mortality. She said there are demographic assumptions (age of retirement, disability, turn-over rates) that must be considered, as well.

Ms. Bournival then reviewed the projected costs for a pay-as-you-go model, whereby costs rise for a long period of time (until retirees die). She noted that Belmont has changed its health plan to a more affordable option.

GASB 45 calculates the Net OPEB Obligation (NOO).

Ms. Bournival explained the gain/loss analysis, which is dependent on changes in assumptions as well as the differences in people (demographics, how many retire, etc.). She then reviewed the funding options, noting that most towns are operating on a "pay-as-you-go" basis. She noted that with this method, the ARC multiplies rapidly. Among the other options are partial funding and full pre-funding. She briefly touched on

controlling costs, OPEB reform, retiree health care reform, and pension reform.

Member Mennis said that it is important for communities to understand the history behind OPEB as well as being aware of its potential costs.

The WC then engaged in discussion/questions of the presentation. BOS Chair Paolillo noted that the Town does have an OPEB policy, whereby a contribution will be made yearly. He wondered if there was anything else that Belmont could consider doing to reduce its OPEB liability. Ms. Bournival replied that there is not much more that can be done, other than upping the contribution and perhaps awaiting potential reform on the state level.

State Finances Update by Mr. Michael Widmer

Chair Libenson thanked Mr. Widmer, the Town Moderator and a former WC member, for appearing before the WC to provide an update on State finances.

Mr. Widmer began with three OPEB comments. He said that the Massachusetts Taxpayers Association is focusing on this issue. Regarding the proposed reform, he said the Governor's plan was inadequate and that meaningful reform will be challenging to achieve. He said that the "pay-as-you-go" method will seriously impact the town budget. He suggested that a "light be shone on retiree benefit costs," as in the public needs to be educated on this important topic.

Turning to state finances, Mr. Widmer began with the state's revenue forecasts. He said that revenues have begun to improve. This is based on fundamentals and also some one-time money. The growth rate is expected to be in the 4-5% range. This is modest, but reflects that there is some job growth. Past recoveries, he advised, have been more robust. Economic growth is experiencing some limits, and may actually level off and slow down over the next few years. Part of this is due to Massachusetts' aging work population.

Regarding local aid, he said he believes the legislature will try to increase it. He said that the level-funded estimate (for Belmont) is the right choice, although there could be an increase. He said he expects that there will not be new taxes for FY15.

Member Mennis raised the issue of limited growth in the face of an exploding school population (in Belmont.) Mr. Widmer agreed that communities in the state are being forced to live within Proposition 2-1/2, as overrides are not getting passed. He added that there is less revenue coming in and this impacts retiree benefits. Public entities have taken on these benefits without putting aside the money.

Available Revenue Budget

Chair Libenson invited the following to the WC table to discuss the FY15 revenue picture: Mr. Floyd Carman, Town Treasurer, and Mr. Daniel Dargon and Mr. Charles

Laverty, from the Board of Assessors. Chair Libenson noted that this is just the beginning of the budget process. He advised that the WC focus on the big items, i.e., new growth, and revenue from the following areas: Recreation Department, motor vehicle excise tax, ALS (“Advanced Life Support” ambulance service), and license and permits.

Mr. Kale first reviewed the motor vehicle excise estimate: \$2,750K. Mr. Carman provided more detailed information on the collection of this excise tax. The current estimate, he said, is conservative and will be revisited in February 2014.

Mr. Kale then reviewed the ALS revenue projection: \$805K. He said that, as more information becomes available, this estimate may be adjusted. Member Helgen asked if it made sense to pro-rate this estimate, given that the town has nine months of ALS experience. Mr. Kale replied that the revenue lag suggests being prudent in estimating this number. Member Brusch noted that a portion of the ALS revenue had been designated to offset the fee of a new ambulance, and not be part of the overall budget.

Recreation fees have been budgeted at \$700K. He noted that the future of the Underwood Pool could impact this amount, if the local and state boards of health do not grant a variance. If the pool does not open in the summer of 2014, both revenues and expenses will be lower. A discussion of the timing issues followed.

Mr. Kale said that the license and permits estimate is \$800K. This estimate is economy-dependent. When the economy is healthy, this number rises. But, an economic downturn can impact this number. Chair Libenson noted that this forecast reflects a year-over-year decline. Mr. Kale said that this estimate needs to be conservative as construction activity could decline.

Member Helgen asked about the permits trend line for the first quarter of this year. Mr. Kale said this year’s first quarter looks similar to last year’s, but that it is difficult to know what the spring will look like. The present estimate, he said, is sustainable. Member Brusch requested that the WC receive data on the licenses and permits. She said the WC has, in the past, planned for the revenue of one-time permits (e.g., Wellington School) and it would be useful to do so looking forward.

Mr. Dargon said that \$500K is the new growth estimate for FY15. He reviewed the sources of new growth: home improvements and new properties. BOS Chair Paolillo stated that this number will be revisited in the new year. The timing as it relates to new growth was discussed.

Mr. Kale touched on the topic of property tax collections. Mr. Carman spoke to tax title issues. He said he has reached out to certain residents and has been able to make a plan for tax collection. However, the rest of those who have deferred may not be collectable in the near future.

Member Baghdady asked about the sale of the Cushing Square parking lot.

Member Allison said it is difficult to reconcile Mr. Widmer's description of the state revenue picture with the outlook for the town. She said that a very conservative budget forecast may not lead to the best use of budgeting effort. She asked when the visibility to a tighter estimate of key non-property-tax components would occur.

Free Cash Management

Chair Libenson asked WC members to speak with him if they are interested in exploring the issue of free cash management.

He then noted that the WC will meet again on December 18, 2013.

Approval of Minutes

The approval of minutes for 11/13/13 was deferred until the December 18 meeting.

Updates: Board of Selectman, School Committee, Planning Board

Board of Selectmen: BOS Chair Paolillo noted that the Board agreed to move forward with a bid for \$ 2.2M on Woodfall Road.

School Committee: SC Representative Slap noted that the superintendent interviews are underway. The School Committee will vote to forward two last candidates, who will meet with the SC next Wednesday for final interviews. The SC will then vote on a final choice the Tuesday after that.

Planning Board: Member Baghdady reported that the BMLD has filed a site plan review application (with the Planning Board) for the substation at 20 Flanders Road. Public hearings will commence on December 17.

Public Contributions

There were none.

Adjournment

Member McLaughlin moved to adjourn at 9:45 pm.

Submitted by Lisa Gibalerio
WC Recording Secretary