

## **WARRANT COMMITTEE MEETING MINUTES DECEMBER 8, 2004**

*Handout(s) distributed tonight:*

1. *Six year history on Retiree health, # of policies and cost, as well as average % increase in cost per policy over the six years.*
2. *American City & County article called "A pox on your budget" regarding GASB requirements for Other Post Employment Benefits (OPEB)*
3. *MGL Chapter 32B, Section 7 regarding minimum requirements for retiree health contributions by cities and towns*
4. *Transfer request from Human Relations Director Diane Jenkins for \$8,000 for advertising services*
5. *Pro Forma Budget in FY06 including Town & School attrition figures*

Members absent: None

Also present: Assistant Town Administrator Joyce Munro, Town Treasurer Daniela Boccia, Selectmen Brownsberger, Firenze, Gerry Missal, School Director of Finance and Administration, and Town Accountant Barbara Hagg

Chairman Widmer called the meeting to order at 7:35 PM.

### ***Acceptance of Minutes***

The Committee discussed the minutes of the November 17, 2004 meetings.

- *Heigham motioned approval, Committee unanimously voted to accept the minutes as amended.*

January 31<sup>st</sup> 2005 is the tentative date for a STM to discuss Wellington School, Waverley Fire Station re-use and the status of the FY06 budget and possible ramifications to the Town and School departments.

### ***Post Retirement Employee Benefits***

This is a new GASB requirement to recognize the actuarial cost by FY08. Funding schedule similar to what was done in Wellesley per Chair Widmer. Effective for fiscal year ending after 6/15/07 (FY08). Early implementation would mean an actuarial evaluation, funding schedule and funding mechanism (Stabilization Fund or other method).

### ***Policy on Reserves***

Chair Widmer wanted to set up a task force to discuss this issue: Mark Paolillo & Lynn Doblin volunteered. BOS is also working on this per Selectman Brownsberger. Bond advisor is coming to their meeting on Friday morning and all are welcome.

The question should be how much the Town should have on hand in reserves. This means a temporary reprieve for sub working group.

### ***FY06 budget working projections***

This has been an ongoing project to understand what the budget gap is for FY06. Member White discussed the handout showing the FY05 budget as voted. FY06, no change projection, uses the 1.1% increase in revenues & expenses increasing at 1.8% leaving a deficit of \$600,000. Many items will continue to be debated. New growth at \$440,000, flat MVE, PILOT is flat, departmental revenues 2% modest increase. Transfers are down because of decrease in reserve fund use for projects.

Salaries are current head counts on board plus vacancies, without any cost of living increases. Step increases in existing contracts has been included. No negotiated COLA increases included. Attrition from retirements has a net savings. School attrition has much larger impact on school because of the differential between the beginning and ending salaries for professional employees. Attrition was doubled for the school (added \$162,000 savings over what the school is estimating). School Choice is going to be reduced in FY06 and this had been netted against the School's baseline – this \$50,000 has been taken out in order to show level service. Health care continues to dominate & there is an estimate of 14% increase in FY06. Retirement goes up 11% and town & school other expenses increased by 6%. SPED is a variable & 16% increase was built in. Solid Waste decrease of \$500,000 is a one-time gain but expected swing back up in FY07. Collection is going out to bid in FY06 and cost is expected to increase significantly.

Salaries total \$35M for both town & schools and a 1% increase equals \$350,000. Gerry Missal, School Director of Finance & Administration, stated that the school does not expect the same number of retirees as in the past. Retirement Plus incentive already encouraged many teachers to retire early. This retirement trends not expected to continue and will taper off because size of pool of eligible employees is shrinking. Although this was the trend, it is not practical to continue this assumption. School Choice students \$5,000 each, 52 students currently in the system. Five of these are seniors and five more expected to drop out. No new students are expected to come into the system. Chair Widmer stated that the overall difference between Gerry & Member White's figures is \$212K. Pro forma gap would increase by \$212K, putting us at \$629K short of available revenues.

Chair Widmer expects that state aid will just be level in the future for towns like Belmont, especially for towns above Foundation level spending on schools. Member Doblin asked about McLean revenues. Chair Widmer & Chair Solomon stated that this is not expected to exceed PILOT in the near term. Member Curtis asked about the Circuit Breaker reimbursement and SPED spending for FY06. Police Superiors have settled for FY05, SEIU has not settled for FY04 or FY05. All other Town contracts were up on 6/30/04 (not settled for FY05). Only one school unit is settled for FY06 (secretaries) and all other school unions are settled for FY05.

Targets for FY06 must now be established so that the Town & School can create their budgets to meet such target. The question of an override has not yet been addressed so the target will give each group a figure to work towards. We can only budget around revenues we now can identify. Chair Widmer explained that up until last year, the Town Administrator made a recommendation but last year the WC stepped in to change the process. The sub committee of the WC came up with 48% school, 52% town. This figure is important because we need to give a target or beginning point for the initial January presentation. Over the January to April period, many changes are made to juggle this to split in a fair manner. Member Curtis wanted clarification of where expenses would be recognized. Example last year there was \$79,000 (insurance, etc) that remained with the Town but should they be changed at some point over to the school. Member Hofmann also concerned about so many school expenses being on the Town side of the budget. Chair Widmer explained that this split is more an art form than anything else. Member Bruschi stated that fees, especially Recreation fees have been discussed & the \$514K for Recreation is the new base and anything over this will not be split (only the \$514K). If Recreation raises fees by an amount, only 50% of this is really available in the Town budget, which is counter intuitive. Member Stratford brought up the one time savings of \$500K on the town side from Solid Waste. Chair Widmer said that this would stay on the Town side with the understanding that this goes away in the following year.

The calculation for the split would be \$68,940,000 for total revenue less \$2,952,000 for debt exclusion leaving \$65,988,000. 48% or \$31,674,240 for the school and 52% or \$34,313,760 for the town (plus another \$2,952,000 for debt exclusion).

Motion by Heigham to approve, unanimous. BOS also adopted this recommendation & directed Budget Director to prepare a budget in line with this. Member Stratford stated that it is important that an official number be adopted so that we can meet our budget preparation target. Selectman Firenze had some concerns about doing a top down budget rather than bottom up budget.

Chair Widmer stated that mid February there should be discussions and decisions about a possible override. Member Hobbs asked about an override vote in the April election (possible replied Chair Widmer) or ATM and then a June election. By that time, we will have more and better information. Selectman Brownsberger stated that unless the BOS were unanimous in their decision for an override, he would not be in favor of this. Chair Widmer feels that any public discussion of overrides should include the future budget needs. Town may be the one that should be making the decision on any possible operating override.

BOS Chair Solomon would like to be sure that the Town is given the chance to vote on level services. Selectman Firenze also concerned about both services and the cost of such services to the taxpayers. Selectman Brownsberger would like to gain Board consensus if an override is sought.

### ***Other***

The next meeting on 1/12/05 or 1/19/05 will be chaired by Member Jones to discuss the FY06 Town budget that will be presented to the BOS on 1/10/05 along with the items

that will be on STM agenda on 1/31/05 (Wellington, Waverley Fire Stations, and the state of fiscal affairs). Vice Chair Jones will let us know which day will be the meeting date. On the meeting of 1/26/05 the WC will be to discuss the FY06 budget statement that will be made to the STM. There will be two Town Saturday morning meetings January 29, 2005 and February 12, 2005. The Saturday morning meeting with the School will be on March 5<sup>th</sup>.

9:45 motion to enter Executive Session for the purpose of discussing collective bargaining. WC voted unanimously to enter and not to go back to adjourn at the end of Executive Session. Selectman Brownsberger & Member Heigham amended to include non-union (executive) compensation.

Heigham motioned to come out of Executive Session and adjourn at 10:50

Respectfully submitted,

Barbara Hagg,  
Recording Clerk  
Town Accountant