

WARRANT COMMITTEE FY07 MEETING MINUTES
FEBRUARY 21, 2007, 7:30 P.M.
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Meeting was called to order at 7:32 by Chair Jones.

Present: Town Administrator Younger, Assistant Town Administrator Conti, Town Accountant Hagg, Town Treasurer Carmen; BOS Members Solomon, Brownsberger, and Firenze; School Committee Member Bowe, School Director of Finance and Administration Missal

Absent: Members Christensen, Oates, and Hofmann

Minutes Approved for 2-7-07

After corrections were made to the minutes of 2-7-07, they were approved with two abstentions (from two members who were not at the 2-7-07 meeting).

Follow up on Belmont Retirement Board Actuarial Study

Member Widmer noted that, in terms of its Retirement percent funded, Belmont is not doing all that well compared to other communities. Perhaps, he suggested, the WC should discuss this topic further. Chair Jones added that he too had done some research and determined that Belmont's funding was closer to that of Chelsea and Everett. The Town is not becoming funded as well as it should, or as well as surrounding communities, he said.

Reserve Fund Transfer Request by Department of Community Development

Chair Jones said that a transfer request of \$25K was on the table from the Planning Director for inspections of McLean. The BOS has voted favorably and perhaps the WC should motion for a vote as well. Member Bruschi voiced her concerns, which were that this was not unanticipated and not an emergency. She asked whether operating funds could be found to cover the next 8 weeks, until a Town Meeting vote could be taken. After a short conversation, it was decided to defer voting until more information was available regarding funds.

Town Budget Presentation

Chair Jones prefaced the discussion by stating that he would like to see level service budgets from both the Town and the schools. He has an "unofficial" figure for a level service budget from the schools (i.e., the proposed budget of several weeks ago, stripped of new items such as full day kindergarten and new positions), and has also requested a reduced service budget from schools as well.

Town Administrator Younger led the discussion, referring as he went along to the document Town of Belmont, FY08 Budget (this was forwarded in Word and Excel formats to WC members via email, but was not handed out at the meeting).

This is not a general government budget, Younger began, but a Town of Belmont budget (i.e., Town-wide, including the schools). It does not include the \$400K reduction total mentioned above for the school budget. \$79,176,921 represents Belmont's requested FY08 budget based on expenditures. The current anticipated revenue is \$76,343,007. This leaves a \$2.8M deficit. No new permanent full-time positions have been added, but more responsibility is assumed in IT. Generally, the departments are increasing 3-4.5%. IT will increase 25% by picking up wages and

network support from the school side, shifting this from school to general government side. Questions were asked about the shift, since the School Department budget seems to indicate a new position, which would be funded 50% by the Town.

HR is up 7.9% due to the self-insurance plan (Cook and Co). Finance and Assessors are at almost level funding. Major increases, Younger continued, are in retirement and health insurance costs (13% increase), with salaries being level, with the exception of step increases. In the areas of Public Safety (EMS, Fire, Police) there is a 3.5% increase - which is incredible (i.e., remarkably efficient). Younger said he was pleased and impressed with the numbers that the acting chief put together. There is very little to cut at this point, but we have had ongoing discussions regarding combining Fire/EMS services with other communities, which may affect FY09, Younger explained.

In Education, there may be a proposal to reduce the school budget by \$400K. In Community Development and Planning, there is a 5.2% increase, \$43K of which is the McLean study service - i.e., no personnel were hired there. (As an aside, Younger noted, Lexington is looking for an Economic Development Manager at a salary of \$60K - possibly helpful for Belmont too with regard to business projects.) Public Works is higher than expected, as Peter Castanino added back some services, summer help, and sidewalk money in his budget proposal. The remainder is level service with an increase of 7.47% (number drops to 5% without sidewalks and summer help).

Chair Jones asked how building costs could be going down when we are adding more buildings and heat/electricity costs are going up? Younger replied that this number is per staffing changes and is not going down.

Health Department reflects an increase in full-time wages to hire a public health nurse full-time (as opposed to the part-time position currently being offered). Council on Aging has a 4.55% increase for vehicle supplies, while Veterans' Services remains level-funded. The Library is up 4.66%, as they are looking to restore Saturday and Sunday hours. In Recreation, there is an overall increase of 4.41%. (Chair Jones asked if the Town has \$5,000 for the Payson Park program? Younger replied that it depends on how we want to balance the budget, but it is premature to put it back in at this point.)

The debt service has increased, Younger continued, and state charges will increase an estimated 5%. The budget is \$2M+ short, overall, he said, depending on the schools' need to have a balanced budget. We are generally down to the bone for positions. If we reduce positions, we are reducing services. This is a large gap, Chair Jones noted: we may be at a point to stop providing some core services. Well, Younger replied, we have to provide education and safety services - it's up to the Town to decide what's a "core service". Younger added that he is not anticipating that the Chapter 70 increase will be large, and he proposes, if it is a small number (\$100K-200K), it should all go to the school side. That is where the government intends it to go, he explained.

In response to Chair Jones' inquiry regarding a report on Capital Budget requests, Member White replied that the first step is to get us to level service. \$2.8M is not level service - some enhancements are still included in the budget proposals reviewed here. The departments putting forth enhancements need to submit level service proposals, and the schools should be asked to do the same by the next meeting of the Warrant Committee. Member Bruschi stated that if we remove all small capital requests totaling approximately \$800K from the CBC listing (of which she is Chair) along with two other large capital items the CBC will be very close to being able to do what it needs to do with the funding in the budget. The \$4M range feels better, but IT items are not included. IT is a great black hole, she said, it can't be adequately funded. Member Doblin expressed concerns regarding IT expenses, it might be a good year to take care of these needs with free cash. Member Allison advised that non-recurring revenue should cover non-recurring

expenses, which excludes IT. School Committee Member Bowe replied that all of IT can't be lumped into that one category (recurring).

Member Paolillo asked if Department heads have submitted level-funded budgets (as distinct from level-service budgets)? No, Younger replied, level funding at this point would result in reduced services.

BOS Member Firenze asked (from the audience) how conservative are we in revenue projections? Are we consistently underestimating by category? Younger replied that it was okay.

Discussion then ensued about the principle of using free cash on things "without a pulse" versus "with a pulse"; examining revolving funds; the benefit of laying out a level service budget to understand what would need to be reduced (cut) to get to a desired number; and how to instill savings measures for FY09 via health insurance, outsourcing, and regionalization. Member Allison reported that the School Committee had declined to investigate the possibility of outsourcing food services for FY 2008.

As the overall discussion wrapped up, Member Widmer offered the following observation: clearly, costs are growing faster than revenues, specifically health care costs. We have to do something about the health care costs of this town in a radical way. This one issue is so much larger than some things we've talked about tonight. Health care, through collective bargaining, must make major changes regarding what we provide our employees. He emphasized that this needed to be done this year since all the collective bargaining agreements are being renegotiated.

Member Curtis concurred: We cannot present the Belmont voter with an override for operating expenses until we do something about health care costs.

Town Administrator Younger added that the State Government has filed a municipal partnership act to help communities in this situation. We are not alone in this struggle, he said. The partnership act is including a GIC proposal, which you can bargain your way into. There is also the meals tax option - the Town would pick up 75% of those revenues. Pension system assets could be placed in the state's PRIT fund if they are under-performing, Younger continued, and the Town could impose trash fees.

Motion to adjourn by Member Heigham at 9:27.

Submitted by Lisa Gibalerio
Recording Secretary