

Belmont Warrant Committee Meeting Minutes
FINAL
February 23, 2011, 7:30 p.m.
Chenery Community Room

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

Town Accountant Hagg

Members Absent: Bruschi and Smith

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

Chair Allison began by turning to the first item on the agenda: retiree medical costs. She distributed some materials to WC members.

Review of Retiree Medical Costs

Chair Allison distributed the hand-out, which reviews the Post-Employment Health Care Benefits. She noted that the figures were taken from an earlier presentation given by HR Director Crimmins and Town Accountant Hagg. Among the concerns noted were that these are large numbers in dollar terms, and they are increasing rapidly (13% on school side and 8% town side). Another concern is that people may choose to retire early, e.g., pre-Medicare (55- to 65-year-old retirees), thus driving up the town's expenses. Chair Allison noted that, unlike pension costs, we had no models for forecasting future Town obligations for these costs.

Chair Allison said that the WC needs to understand and control these numbers better than it presently does. This includes understanding the state mandates and understanding how those mandates integrate with what Massachusetts makes available. She suggested that BOS Chair Jones set up a study group to analyze this topic and to provide a menu of policy options. He said he will move forward on this as soon as possible.

Town Accountant Hagg explained the three Medicare policies (for retirees who are 65 or older).

Discussion of FY2012 Budget and Process

Chair Allison began with the revised revenue numbers. She reviewed the major changes impacting revenue since the WC last viewed the revenue numbers. State aid will probably be cut by only 10%, not 15% (thus freeing up more revenue). The transfer line has been decreased by \$250K as a result of the Assessors' update on the overlay account. The Assessors will be providing \$250K less than expected. This is due to court cases

which the Assessors feel require higher reserves to hold against those cases. This is also due to the fact that real estate tax collections have slowed down. More citizens are simply not paying their property taxes in a timely fashion. The Assessors will speak at next week's WC meeting. The Minuteman assessment is up from \$850K to \$880K. Belmont is only very slightly ahead of its last revenue estimate and mid-course corrections will not be necessary.

The WC briefly discussed the updated revenue picture. Several questions were generated for the Board of Assessors. (Chair Allison will forward those questions to the Board of Assessors so they will be prepared to answer them at next week's meeting). SC Chair Rittenburg commented that the School Committee is hopeful that State aid, circuit breaker funding, and out-of-district placement funding will be better than expected. She asked when those adjustments could possibly be made to the school budget. Member Epstein noted that there is a 1.9% increase to the operating budget, as opposed to a 2.5% increase. Chair Allison agreed that there is not a 2.5% increase for the operating budget. Member Libenson noted that pension costs are a major driver of this divergence.

Chair Allison recapped the WC's questions for the Assessors:

- The WC wishes to better understand the overlay system: how are the amounts set, what are the changes from year to year, how are funds released, and how is the amount to be kept on reserve determined?
- The WC wishes to understand what the calendar is for reviewing decisions initially: why were numbers revised, and will numbers be revised again in the future?
- The WC wishes to understand the history and mechanics of reserves vis-à-vis the court cases: are there significant trends, what is the legislative impact, what are the outside factors, is this 100% against claims policy, and is what is being held a conservative amount?
 - The WC wishes to understand where the slowdown in property tax collection is coming from: is this being seen across the board in similar communities? what is Belmont doing to address this, and what is the history of tax collecting in Belmont?

Town Accountant Hagg noted that there is roughly \$250K in overdue taxes and that Belmont is still collecting at a rate of 98%.

Chair Allison noted that Subcommittee reports are coming along and that cost-driving factors that cut across departments are being looked at. BOS Chair Jones noted that health care costs will go from a 6% assumption to a 5% assumption as the balance has continued to grow. This could free up \$100K (\$60K for schools and \$40K for town). This has resulted from lower claims than anticipated. Chair Allison commented that perhaps Belmont needs to continue being prudent. Town Accountant Hagg and BOS Chair Jones assured her that this was a prudent assumption change.

Chair Allison distributed an “Operating Budget by Department” graphic as an example for the WC report. She said she felt that the graph was “more revealing.” Another graph illustrated the impact of a \$3M override vis-à-vis costs that are growing at 9.6%. Any increase above 2% will drive the override numbers, asserted Chair Allison. The WC discussed. SC Chair Rittenburg agreed that the graph is a very effective way to read the numbers, regardless of what the numbers are. Member Dash wondered if an override graph was appropriate for the April TM report. Member Sarno noted that projections are useful via graphical representation. Member Lynch agreed that projections of costs over time are highly relevant. Member Callanan suggested presenting the tax rate in graph form. Member McHugh noted that cost drivers (health care, pension, SPED) are far exceeding revenue and this needs to be illustrated. Member Libenson agreed that those three issues will define the budget and need to be addressed. Chair Allison and Chair Jones concurred. Chair Allison said that there are other cost drivers (primarily compensation) that are critical as well, and the WC will discuss those at next week’s meeting.

Chair Allison posed to the WC a question from the Town Clerk that the TM report be available to TM members only online. The savings would be roughly \$1,000. A discussion followed. The general consensus seemed to be that the report needs to be available in paper format – especially given the modest cost savings. Member Grob suggested giving TM members the option to have a hardcopy.

Follow Up Questions for Retirement Board (RB)

Chair Allison presented a draft letter she prepared for the Retirement Board. The WC took a moment to read the letter. The letter contained four followup points for the RB’s consideration. The WC reviewed the letter, particularly the bullet pertaining to the COLA increase given in a year when there was no Social Security COLA increases. Member Epstein suggested that the letter ask the process by which the COLA number came. He also suggested recalculating the increase on the current rate of interest. Many WC members felt that bullet four should be more strongly worded.

Member Lynch moved: That point four in the WC’s letter to the Retirement Board contain a statement and a recommendation to the RB regarding their intended action on the COLA. The statement should reflect that the WC does not support the COLA increase.

The motion passed unanimously.

Approval of Minutes

The minutes of February 16, 2011 were approved with four abstentions.

Wrap-up/Adjournment

BOS Chair Jones moved to adjourn at 8:57 pm.

Member Sarno provided the meeting summary.

Submitted by Lisa Gibalerio
WC Recording Secretary