

**THE MINUTES
OF THE
WARRANT COMMITTEE MEETING
February 26, 2003**

Chairman Widmer called the meeting to order at 7:39 PM.

Members absent: W. Hofmann and L. Oates

Also present: Town Administrator Melvin Kleckner, Assistant Town Administrator Munro, Selectman Anne Marie Mahoney, Town Accountant Barbara Hagg, Capital Budget Committee member Scott Stratford, and Town Treasurer Susan Kendall Freiner

Handout(s) given out tonight:

- (1) Discussion of FY03 and FY04 Budgets February 21, 2003 memo from Assistant Town Administrator Munro
- (2) Financial Packet from Town Accountant Hagg
 - a. Comparison of 4/02 and 2/03 versions of FY07
 - b. Budget Forecast for FY04-FY08
 - c. Available Fund Balances 2/25/03 memo to the Board of Selectmen from Town Accountant Hagg
 - d. FY03 Snow Accounts 2/21/03 memo from Peter Castanino to Town Administrator Kleckner and Town Accountant Hagg
 - e. Free Cash letter from 2/7/03
 - f. A Report of the Special Committee to Recommend Mitigation for Local Aid Cuts given by Town Administrator Kleckner
- (3) Branch Library Subcommittee update from Member Morley

Acceptance of Minutes

The Committee discussed and the minutes of the February 12, 2003 meeting.

- *Member Brusch made a motion, Member Heigham seconded said motion, and the Committee unanimously voted to accept the minutes of February 12, 2003.*

Chairman Widmer reminded the Committee of the meeting this **Saturday, March 1st at 9 AM** at the Chenery Middle School Community Room. All members are expected to attend.

Town Administrator Kleckner reviewed the Governor's budget published today. He observed: the cut in Chapter 70, the cut in Lottery, and limited Additional Assistance. He added there was created a category called Transitional Mitigation Local Aid. For Belmont, it appears there is \$1.6 million in one-time aid. Total aid is \$500K more than

Town Administrator Kleckner projected, but \$1.6 million of the total is the Transitional Mitigation Local Aid.

There are a lot of question marks and need for clarity at this point. Chairman Widmer pointed out what the Governor has done is an incredible revamping of all of state government. Each proposal has lots of different moving pieces. It is “bedlam” to try to figure what this is all about at this point. Chairman Widmer does not know how to assess the staying power of the Governor’s recommendations on local aid. The other thing to keep in mind is that many of these proposals are just in the skeletal shape at this point. Some of the ideas have not been fully developed. The House Budget is due to come out early to mid-April. The Senate may try to move theirs up so it is more coincidental to the House’s Budget, but that is not definite yet. Speaker Finneran said he would have some hearings around the State about all of this. The big question is the vulnerability of the additional assistance.

Town Accountant Hagg updated the Committee with the latest snow budget and memo from Superintendent Castanino. She also reviewed a letter is included in her packet on the Free Cash that was certified. Town Accountant Hagg also highlighted the Senate Bill 1944, which includes all the recommendations the cities and towns had to the Governor’s Office. She recommended the Committee review it at their leisure.

Five-year Projections

Member White reviewed the Budget Forecast spreadsheet for FY04-FY08. At the top of the FY03 is the override, unused capacity, and the debt exclusion. FY04 is balanced, but a lot of changes are expected before the budget process is completed. There is an assumption of \$400K per year of new growth in property value. Excise tax is growing at 3%/year, with most of the other income growing at 2%/year. Salaries and wages are increasing after FY04 4%/year. Health care costs assume the implementation of the new health care plan. FY03 assumes a 12% increase in health care costs which we can only hope is enough thereafter. It includes SPED at 16 ½ %, which is probably lower than it has actually been running. Most of the other expenses are in the 2% to flat area. The two pages following the spreadsheet provide some detailed notes behind some of the numbers.

Member White looked at the version done last year reviewed what changed. We look at FY07, and revenue increased \$2 million from last year’s assumption. There is an override, debt exclusion, and the thought excise tax would be increasing 20%. The net of all of that is a \$2 million increase in FY07’s figures. An ongoing question for the Town is how we can increase our revenues.

On the expense side, there is \$1 million decrease in health care costs, capital down \$500K, debt service is up \$1 million, which is the offset of the increase in revenue of the debt exclusion above. We have gotten a very strong start on the health care structural change. On the salary side, we are starting to see the results of some attrition, but we have not seen any benefits of the proposed structural changes of department

consolidation. The key is to drive our structural change. It looks like an 8% increase of the tax rate in FY04. This is due to Prop 2 1/2, but also the debt capacity that was not used in FY03. The debt exclusion is in effect for FY04. The tax rate in FY03 compared to FY08 is a 33% increase over the current rate. We are averaging about an 8% increase per year.

Selectman Brownsberger asked for clarification in the tax rate increase FY03 to FY08 in taxes. Member White pointed out on the bottom of page 3 the assumptions. It assumes \$30 million in additional capital projects. A \$10 million per year in projects in FY05-FY07, while starting to pay down the debt service all contribute to the increased tax rate.

Member Heigham has great doubts the Town is going to stand for this kind of a tax rate increase. It looks like there may not be any large capital projects for some time. Member McCormick asked if there are McLean revenue assumptions built in to this forecast. Member White noted the Payment In Lieu Of Taxes number on the first page includes McLean and the payment from the Light Department.

Member Heigham spoke of the majority of McLean development not being in a hurry to get going. Member White also assumed no additional out of pocket costs to the Town for those years as well. Member Heigham does not think we will have more than a few houses on the books as of January 1, 2006.

Member Tillotson asked about the assumptions of Solid Waste Disposal and Collection. Town Administrator Kleckner noted we are able to stabilize it until 2005, but for 2006 and beyond, savings are projected.

Member Curtis pointed out the only way left to cut costs at this point is in the wages and salaries area. He did mention a possibility the Town could increase the amount of employee health care contributions as a way to decrease Town costs could be done as well.

Selectman Brownsberger pointed out some possible changes that may occur based on the Governor's proposed budget from today. Chairman Widmer said to keep in mind the Governor's proposed budget is prior to legislative action. He does not think the Legislature is going to phase out Additional Assistance completely because so many communities need it.

Member Kobus asked besides increasing the employees' share, could the Town change the minimum number of weekly hours to provide health insurance. Town Administrator Kleckner pointed out there is a state law that employees who work 20 or more hours per week are allowed to purchase health insurance. She wonders how many part-time employees are working just over 20 hours per week to get the health insurance.

Selectman Brownsberger thinks it would be interesting to construct a best-case analysis and say "in the best-case analysis it would not be wise to do X, Y, and Z or let's do X, Y, and Z." Town Accountant Hagg and Member White will work on this offline later.

Member White asked if it would help Selectman Brownsberger if Town Accountant Hagg and Member White bring him some best-case assumptions to base this on. Selectman Brownsberger said he would discuss this in more detail afterwards.

Selectman Brownsberger discussed the 4% increase in salary increases is clearly a worst-case scenario. Member Brusch said this is inclusive of both Town and Schools, so the average of 4% is a good assumption. Member Kobus asked if Member White could change the assumption to a more realistic health care cost. Member White agreed a realistic range is between the 15%-18% range.

Chairman Widmer thanked Town Accountant Hagg and Member White for their work on the forecast.

Cost-cutting Initiatives

Member Brusch facilitated the discussion by going through each topic and having the Subcommittee update the Committee on their progress.

Health Insurance

Health insurance has moved forward. Town Administrator Kleckner went public this week with the news of the Town changing to the Harvard Pilgrim plan for the whole Town. The Town will be sending letters to each employee within the next week with an open enrollment process in March. Town Administrator Kleckner expects a relatively smooth transition administratively.

Public Works Consolidation

The Board of Selectmen met with the boards involved with the consolidation last Monday. He expects to go to Town Meeting with the proposal (presented a few meetings ago the Warrant Committee) for the consolidation. Chairman Widmer asked the timeframe to the specific proposal. The related boards will be meeting again on March 10th with the Board of Selectmen. Chairman Widmer expects it to be brought again to the Warrant Committee on March 12th or 19th.

Member Brusch asked how the implementation would occur. The structure would involve a Public Works Director and an Operations Manager above the line, but there is not detailed organizational chart. Member Brusch asked if we would be having two types of organizational charts for when the current department heads would fall out and those positions would change. Town Administrator Kleckner said that is not expected to be done. It would not be prudent to have the two charts.

Member Miller said it seems to her for two reasons we need to have something a little clearer to propose to Town Meeting. Saying that we really do not know what the structure will be, does not bring the confidence of having this go forward. If there were something for two years out, we would at least have a structure loosely resembling something, then Town Meeting would have something to go on. Chairman Widmer asked if there was at least a way to have some \$ examples of savings, without showing

the attritioned positions. Town Administrator Kleckner will give that more thought. Member Kobus asked for that savings example to include clerical as well.

Member Curtis admitted there is a real unwillingness of Town Meeting members to take things for granted anymore. He thinks there is a danger in giving too much information out as well. If this were a for-profit business, and if in fact the Town would be no worse off with a few positions abolished, then why are we waiting for people to retire?

Member Schafer said there seems to be another argument. For the same amount of money, we can get a whole lot better service. She asked the Warrant Committee, do we want that presentation to just be about saving money, or that we are a small Town and our departments are split up into many different segments, so let us combine them? We are also providing better service for the current time and opportunity for savings in the future.

Member Bruschi wondered if a current department head is now the third person in the Public Works structure, and they leave, how will the Town fill that position without it having to be at the same compensation level? Town Administrator Kleckner said it would either be reclassified or eliminated.

Member Morley reiterated there is already an understanding that we will not cut people, and if we change the rules, we will lose credibility with Town Meeting.

Member White asked if we have, in effect, said the people in these departments will not be laid off, but not everyone else in Town has that level of commitment. Town Administrator Kleckner said he was talking about this consolidation only. We see opportunities where people will be grandfathered into their consolidated position, and that person may not receive another pay increase while working for the Town.

Member Flewelling mentioned he went through that on a much smaller scale when he was on the Board. The Town lasts a long time, and people do move on.

Chairman Widmer said we would revisit this on March 12th or 19th.

Pay As You Throw

Member Heigham announced there is nothing new, and that not much will progress with NESWC still in the picture. Town Administrator Kleckner talked of the merchant contract that is hopeful, starting out at \$64/ton (we are now at \$150/ton). Town Administrator Kleckner informed the Committee the Highway Department received a grant from the Department of Environmental Protection.

Solid Waste (now being considered as one project with Pay as you Throw)

The topics will be brought together when presented to Town Meeting.

Town Owned Vehicles

With Members Oates and Hofmann absent, recommendations on this topic will be delayed to the next meeting. Selectman Brownsberger asked Town Administrator Kleckner about the progress of the Town vehicle audit. He did say travel allowance is being included in the audit, but there has been no progress yet. Town Administrator Kleckner is meeting with the Capital Budget Committee tomorrow night, and he need to find a way to evaluate the requests in the Capital Budget.

Member Curtis is “mystified” by the number of Town owned vehicles people are driving to work as well as the number of police vehicles in Belmont.

Resource Sharing Among Departments

Member Brusch admitted this does not have a real focus. It originally began with the IT Committee, but the focus has changed somewhat. Assistant Town Administrator Munro noted the IT Committee is meeting with the Board of Selectmen on March 10th regarding their discussions with some departments. They will have some substantial things to offer at that meeting.

Bulk Purchasing

Member Morley spoke of developing a list of the supplies that are commonly used so Town Accountant Hagg can get pricing. However, at this time, the Accounting Department has a lot on their plate with GASB 34. Town Accountant Hagg is committed to go forward on this in the future.

Collective Bargaining Agreements

Member Brusch announced the Town ones are done. Members Curtis and Brusch are working on a spreadsheet that compares the different unions. There is not much that can be done except with wages and health care agreements. Member Brusch said there is a lot of stuff like vacation variances between contracts.

Branch Libraries

Member Hobbs reviewed her Branch Library Analysis (*Handout 3*). Decisions are ultimately up to the Board of Library Trustees; they could close them tomorrow if it was their desire.

Member Schafer said there is a question of not only saving money, but also are we really giving the best service we can with only one library open? Chairman Widmer said the flip side of that was taking better advantage of the branch libraries, such as more computers and different hours.

Police Staffing

Member White pointed out this topic was suspended for a while, but it has recently been reactivated. There will have to be a decision on the FY04 Budget before this topic can be more explored, so this will now be used for the FY05 Budget.

Early Retirement Incentive

This topic has been completed.

Overtime

This topic has not been started yet.

Youth Department

This topic was put on hold, but it seems to be coming together on its own.

Recreation Department

This topic has not been explored too much in detail yet.

Member Heigham said if these topics were going to be presented to Town Meeting, we couldn't use this as a tool and say this will solve our budget crisis. Member Brusch remarked that it is good for us to present to Town Meeting that the Warrant Committee has been exploring these topics. She also pointed out her concern that Department Heads are not thinking of dollars and the cost implications in their budgets.

Member Brusch will pull together this listing and handout a summary of tonight's reported progress for the next meeting.

Other

General Government, Police, and Fire Subcommittees will be presenting on March 5th. Culture and Recreation will be done on March 12th.

Member Flewelling made a motion, and it was unanimously voted to adjourn the meeting at 9:26 PM.

Respectfully submitted,

Kristina E. Frizzell

Recording Clerk