

- **Belmont Warrant Committee Meeting Minutes**

- **FINAL**

- **February 29, 2012, 7:30 p.m.**

- **Chenery Community Room**

- Present: Chair Allison; Members Baghdady, Bruschi, Grob, Libenson, Lynch, Manjikian, McLaughlin, Millane, Sarno; BOS Chair Jones

- Members Absent: Becker, Dash, Epstein, McHugh

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

- Chair Allison began by reviewing the evening's agenda. She then turned to the first item on the agenda.

- ***Review of First Draft "Overview" Section***

- Chair Allison noted that the WC had developed a report outline in October, but that there is now new material (in light of the fact that budget numbers are now known). She said the WC will discuss the new sections this evening. Chair Allison said that the "full lifecycle of a full-time vs. part-time employee" analysis is in the process of being undertaken (see handout). She said the Town Accountant has provided data on pensions and retiree healthcare costs, broken down by department. This information will be used in calculating the "all in" costs of each municipal function.

- Chair Allison took the WC through the beginning sets of assumptions on the handout "Life Cycle Analysis of Employee Costs: Benefited PT Employees." Part-time employees who work 25 hours a week are entitled to both health and pension benefits. Chair Allison reviewed some of the town's costs associated with these benefits. She noted that this is "version 1.0" of an analytical tool that will be further developed. She highlighted the difference in cost to the town between a 19-hour employee and a 25-hour employee.

- BOS Chair Jones spoke to the supervision issues with part-time employees. He added that part-time employees often work more hours than they were hired for and therefore benefits get triggered. This was briefly discussed.

- Regarding next steps, Chair Allison identified the key drivers in this analysis (e.g., the salary replacement formula, the ROI, etc.) The WC discussed the ROI impact for the town. Chair Allison then suggested that the early retirement numbers (in Public Safety, for example) be calculated to find the full lifecycle costs of that employee.

- ***Update Re: "Risks and Opportunities" FY2013 Available Revenue Numbers***

- Chair Allison stated that the data gathering on recurring revenue is nearing completion. Therefore the “reductions in recurring costs” is an area that now needs to be explored. BOS Chair Jones said that the Treasurer is intending to roll over the town’s debt to receive a lower interest rate. This will save the town some money.

- Chair Allison also noted that the need to identify all potential sources of recurring savings highlights the importance of subcommittees’ reexamination of the structural reform lists to see if any of these items would generate recurring costs savings. BOS Chair Jones spoke about the potential for health plan design savings for the town. He then raised the issue of ambulance revenue. BOS Chair Jones also noted that, last year, Belmont did not tax up to the full levy limit, allowing for a potential revenue increase of \$50K in recurring revenue.

- On the non-recurring side, Chair Allison noted that there is \$300K from the state’s identification of an error in the recap calculations, which will provide \$300K to the cash reserve accounts, which could potentially be transferred to cover non-recurring costs. Several members noted that the snow budget might also provide one-time funds.

- At this time, Chair Allison returned to the first agenda item.

- ***Review of First Draft “Overview” Section (continued)***

- Chair Allison asked the WC to review the document and to offer feedback on it.

- Chair Allison asked for the WC’s thoughts on the “major financial developments,” specifically asking: are these the appropriate four major developments to note? BOS Chair Jones observed that the fiscal year began with a healthy free cash amount, which set the stage for a positive budget process. Chair Allison asked about the health care assumptions that contributed to the reduction in health care costs. BOS Chair Jones said that he will seek an answer to that question from the consultants. Member Brusch noted that some of the health care savings is one-time and some is recurring. She said it is important to know this, since one-time money should be budgeted as such for town and schools. She noted that the health care costs are rising at a slower rate than anticipated.

- Regarding “risks and opportunities,” Member Libenson asked about electricity rates: will they be rising? BOS Chair Jones said that the cost of electricity will not be a significant issue for FY13. He said there will be a study done to assess the impact of the electricity rates and the development of the new substation, but that any increase would not be phased in until the fourth quarter of FY13, and would then likely be based on financing costs.

- The WC then discussed roads (and deferred maintenance) under the “infrastructure failure” section. Chair Allison raised the issue of the new Minuteman building costs. Will the assessment go up for Belmont? Member Brusch noted that unanimous consent of all communities is required for the Minuteman building project to

move ahead, but said it is a risk that this will go through (i.e., the new building) nevertheless. She said that, even though the outcome of the vote on a new building for Minuteman is unknown, the town should study the impact of the assessment.

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- With respect to uses of non-recurring revenue, Member Brusch noted that, in addition to the huge issue of deferred maintenance, there are also many needs that come up across town departments which are small four-figure investments in things that would really be worthwhile improvements for a department, but they can't be done.

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- Regarding the outlook for 2014 and beyond, the WC discussed the issue of compensation. Chair Allison suggested that the Report flag three issues of municipal compensation: 1) that post-employment benefits – defined benefit pensions and retiree health care costs – are very generous, and are also out of step with the rest of the world (she noted that, while we may not pay employees particularly well for working, we pay them very well for not working); 2) that there are no managers who are compensated on a performance basis, e.g., there is no reward for cost savings for department heads; and 3) that all compensation increases, which get built into pensions, end up costing a lot for the town, over time.

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- Member Lynch agreed and said this is a critical endeavor that must happen. He added that there should be compensation for managers who are exceptional. Member Brusch reminded the WC that ten years ago there was a system in place for raises (merit increases to be based on performance) from 0% to 6%. Some managers received 0%, while some received 6%. Member Libenson said there must be a “best practice” where this is working well somewhere in America and that this should be investigated. Member Sarno said that bonuses in the private sector are often based on the overall revenue picture of that company; that piece would need to be factored in for the town, as well.

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- The WC discussed this issue.

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- Productivity, compensation, and taxes (the iron triangle): one of these three must give to maintain services, offered Chair Allison. Taxes need to increase or compensation needs to be lowered or productivity increased to maintain services.

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- The WC then discussed the recommendations of the Government Structure Review Committee vis-a-vis the new Town Administrator position.

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- Regarding likely development, Member Baghdady noted that there are several opportunities for development across town. He said that the Cushing Village proposal is moving forward and has an opportunity to raise revenue for the town, but the costs of that development for Belmont will need to be carefully analyzed as well. The Planning Board, he said, will attempt to strike a balance around the sizing of this development. There is another development slated for Trapelo Road (between Cushing and Waverley Squares) in the form of a bank.

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- A distinction between revenue and net revenue will need to be made, said Chair Allison. Member Baghdady said the Planning Board is learning from the Cushing Village overlay experience and will bring that knowledge to bear on future developments in town.

- Chair Allison noted that the state legislature's history of passing unfunded mandates is a concern for municipalities. BOS Chair Jones spoke about the federal mandates which are also unfunded and passed onto the states and municipalities. He also noted that, unlike the federal government (which has a paperwork reduction act), the state takes no account of the costs or uses of the informational requirements it imposes upon the municipalities.

- ***Discussion of Proposed Investment Opportunities***

- Chair Allison raised the issue of the structure of the departmental requests for additional resources, noting that in many cases there was no information about the benefits that would follow from these additional investments.

- ***Public Contributions***

- There were none.

- ***Wrap-up/Announcements***

- Chair Allison reminded the WC that the 3/7 Wednesday evening slot is available for subcommittee meetings. The full committee will meet again on March 14.

- ***Approval of Minutes for 1/11/2012 and 2/15/2012***

- The minutes of 1/11/2012 were approved with no abstentions.

- The minutes of 2/15/2012 were approved with no abstentions.

- ***Adjournment***

- Member McLaughlin moved to adjourn at 9:07 pm.

- Submitted by Lisa Gibalerio
- WC Recording Secretary