

WARRANT COMMITTEE MEETING MINUTES

FEBRUARY 9, 2005

Handout(s) distributed tonight:

1. *None*

Members absent: Oates, Paolillo, and Tillotson

Also present: Acting Town Administrator Rebecca Vose, Selectman Will Brownsberger, Selectman Angelo Firenze, Acting Town Treasurer Daniela Boccia, 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 February 2, 2005 meeting.

- *Member Hofmann made a motion, Member Bruschi seconded said motion, and the Committee unanimously voted to accept the minutes as amended of the February 2, 2005 meeting.*

Reserve Policy

Selectman Brownsberger discussed the origins of this Reserve Policy with the Committee. The basic construct is that if you look at a town's Balance Sheet (Unreserved Undesignated General Fund Balance), there is an amount left for general purposes, which we could theoretically appropriate for other purposes. Moody's measures that balance. The Capital Endowment Fund is not included in the ratios that Moody's has calculated for Belmont. We talked a lot with Moody's about that. We are above our hard floor of 10%. Our target ought to be about 15%, but not above that. We are in the right range at this time. We went to some pains to clarify that we don't go below 10% for just a "tough year." The Board of Selectmen has not adopted this Policy yet. Moody's wants us to have a publicly articulated position in order to be more meaningful to them.

Member Doblin asked if it is better or worse to violate a policy we have versus having no policy at all. Selectman Brownsberger believes that we as a community ought to live by the parameters given through a policy.

Member Curtis asked if there were a worthy argument that the amount should be higher or lower than 10%. Selectman Brownsberger responded there is no argument for it to be higher than 10%. This is good enough for a AAA community. There is an argument we could go lower. Treasurer Boccia showed us the negative carry of having such a large reserve. The great reason to have a AAA is to provide us access to great capital rates.

Member White supports this Policy. We ought to recognize that downstream when this is in place, he could easily see discussions that focus on Reserve Fund transfers. We may consider the usual requests more carefully that come each year to the Warrant Committee.

Selectman Firenze also supports this Policy. It is good fiscal management and goes to credibility for our standing. Selectman Solomon thinks Moody's will look positively to us for having this Policy. He mentioned that Capital Budget Committee Chair Speidel has been in on the preparation on this Policy. Selectman Firenze will bring this to the Capital Budget Committee.

- *Member Hofmann made a motion, Member Bruschi seconded said motion, and the Committee unanimously voted to adopt the Debt Reserve Policy.*

The Committee discussed whether this should have a formal vote on this at Town Meeting. Selectman Solomon said if it did have a Town Meeting vote, it would be more meaningful to Moody's.

Members Heigham and Hofmann do not support this being brought to Town Meeting for a vote. There is concern that Town Meeting Members will be concerned about the inclusion of the Capital Endowment Fund. However, Member Curtis thinks it is a great idea to bring it to Town Meeting. It will be great to have more support behind this Policy. Member Doblin is concerned that by bringing this to Town Meeting, it is removing the flexibility of the Policy. Selectman Brownsberger said that the goal is to keep things so they are not so flexible.

FY06 Budget Discussion

Selectman Brownsberger reviewed last week's spreadsheet regarding the *30 Year Calculator for Tax Levy Bill Impact of Project Bond Debt Exclusions, Operating Overrides, and New Growth* distributed at the 2/2/05 meeting.

Selectman Solomon asked if anyone has looked at the impact if we change the Town/Employee health insurance split. Selectman Brownsberger believes that a shift is interesting because if we want to achieve reductions in the health care growth rate, we need to have employees have a motive to work with us on that. It will not solve our economic situation, but it gives employees the opportunity to have ownership in it.

Selectman Firenze asked if there were a health care task force. Chairman Widmer said that is something we would talk about tonight.

Member Curtis said by changing the shift, it gives employees motivation to hold down costs and move to the more efficient health plan. Member White said that changing the shift might encourage people to change health insurance plans from the Town's plan to their spouse's plan.

Selectman Brownsberger thinks this is something we can get moving on. He would like to see this in a very broad context, to go beyond how much we can shift to employees. This is also about how we can create an environment to have a healthier workforce. We should create a working group that should include union leaders from the beginning. We want to approach this problem as something that will be solved with participation by everyone.

Town Accountant Hagg mentioned there is an Insurance Advisory Committee. Her concern is that they will consider this coalition bargaining. Member Curtis agrees that we need a task force that should be widely publicized. He thinks this issue needs to be upfront and center while it is going on. The cost of health care is going to interfere with pay raises, program activities, and our ability to have employees at all.

Member Fitzgerald asked how Belmont ranks with regard to paying its employees. We are at the top for how much we pay for medical insurance, but how do we rate with paying the employees. Selectman Brownsberger answered that our data is not good. It is an expensive process to compare position to position, but as best we can tell, we are a little low. Many of the positions are somewhat low.

Selectman Firenze added that we expect to get 10 copies of the Benchmarking Report. Town Accountant Hagg is meeting with the company to finalize some comparison issues. She added that our health insurance costs are budgeted within each department budget, but the other communities that we are being compared against do not. Therefore, she will add a note at the bottom of some of the charts stating that issue.

Selectman Solomon believes it is better to get everyone on board at the beginning. He is interested in getting the unions involved at the forefront.

Member Callanan is concerned that the participation is not going to result in a buy in of this issue. There should be participation at some point, but not at the beginning.

Member Bruschi would like the Board of Selectmen to choose the union personnel involved.

Town Accountant Hagg mentioned a proposal at the State Legislature about 10 years ago that if you have X many years of service, you have to pay X amount of the insurance split. Maybe we could adopt something similar.

Member Curtis thinks what is needed is a small group willing to put a lot of time into it. The Town has this issue and we need a small group of people who are on the same page. This group ought to meet publicly and solicit input from the unions. He does not think it ought to have union membership because he believes if you invite one union, you need to invite all the unions to this task force. Selectman Brownsberger agrees and thinks we should draw on some of the economists that live in the Town.

Chairman Widmer requested Member Curtis be a part of this task force. Selectman Solomon would like this to be discussed at a Board of Selectmen meeting.

Chairman Widmer invited a discussion on the process we are going through during the FY06 Budget process and the question of an override. The central issue that we face collectively is the extent of the cuts in the School budget under the present proportioned targets. Related to that is the issue of capital, and the suggestion of using some portion of capital to help with the deficiencies of the FY06 Budget. There is also the issue of beginning to fund the Post Retirement Benefit obligation.

Selectman Solomon discussed options regarding the FY06 Budget:

1. Change the allotment between Town and Schools
2. For this one-year only, take that part of the capital funds we cannot expend and put it towards the FY06 Budget, necessitating an FY07 override
3. A combination of the first two options
4. An override
5. Reduce level services (Selectman Firenze's suggestion)

If we were to put an override on the ballot, the Board of Selectmen needs to decide by March 1.

Vice Chair Jones mentioned there is the issue of the NESWC money not being spent on the operating budget instead of one-time capital needs. Member Bruschi clarified there are two NESWC issues: the NESWC fund (\$2.2 million) and the NESWC costs the Town has paid to them. That cost savings is expected to be eaten up by another collection cost in FY07.

Member Doblin is thinking of the money we can get to the School side. The easy way to get it is to use the \$125K that Town Accountant Hagg has proposed to the Post Retirement Stabilization fund. She is recommending that to the Warrant Committee.

Selectman Solomon said the Board of Selectmen is meeting with the Capital Budget Committee on February 28.

Chairman Widmer mentioned that March 5 is a meeting with the School Board and the Board of Selectmen regarding the FY06 Budget.

Member Curtis does not see how we are going to be ready for an override commitment on March 1. Selectman Solomon agreed. Member Bruschi noted that we may still decide to have one but through a special town election instead. She does not support using NESWC savings towards operating costs. She does think the money that Community Development is not asking for in roads could be well used by all of the departments in town on very legitimate things, which will allow them to provide the same level of service they are now providing.

Member Fitzgerald thinks, based on the projections and costs, the longer we wait, the deeper the hole we are getting into. The demands on the departments for State reporting procedures have increased. He does not see anyway to get around our situation for the near future without an operational override.

Member White supports Member Bruschi in that we do not want to reduce the one-time expenses this year to replace them by ongoing occurring expenses, which will only exasperate the issue for FY07.

Member Doblin thinks it is clear the voters have said they want the roads program to go forward. If the obstacle to do that is a lack of operational capacity, then should we be trying to increase the capacity to manage those projects? The only way we can do that is to do less of something else. The deterioration in our infrastructure is horrible, and to put that off farther is penny wise and pound-foolish. We need to make some painful choice to reallocate money to those projects.

Vice Chair Jones thinks the roads are past the point of “penny wise and pound foolish” and we need a plan to work that out for the future. Community Development Director Glenn Clancy wants to get the critical roads done first. Selectman Firenze added that Mr. Clancy needs \$300K for roads that need to be maintained so that they don’t get ahead of us.

Other

The Budget Meetings begin at 8 am at the CMS. Next week will be the reports of the subcommittees for each of your departments of the FY06 issues and the longer-term issues.

- *Member Heigham made a motion, and it was unanimously voted to enter into Executive Session for the purpose of discussing Collective Bargaining without returning to the regular meeting at 9:22 PM.*

Respectfully submitted,

Kristina Frizzell, Recording
Clerk