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**MINUTES
TOWN OF BELMONT
FINANCIAL TASK FORCE
SELECTMEN'S MEETING ROOM
Friday, December 19, 2014
8:00 AM**

CALL TO ORDER

A regular meeting of the Financial Task Force (FTF) was called to order in open session at 8:07 a.m. by FTF Chair Paolillo in the Selectmen's Meeting Room. Town Administrator David Kale and Assistant Town Administrator Phyllis Marshall were present.

FTF Members Present: Superintendent John Phelan, Mr. Tony DiCologero, Mr. Angelo Firenze, Ms. Anne Marie Mahoney, Mr. Charles Clark, Ms. Laurie Slap, Mr. Floyd Carman, Ms. Laurie Graham, Ms. Anne Helgen, and Mr. James Conroy

[Mr. Charles Lavery and Mr. Daniel Dargon arrived at 9:20]

Members Absent: Mr. Justin Amico, Mr. Paul Lisanke, Mr. Andrew Levin, Mr. James Williams, and Mr. James Tzouvelis

Chair Paolillo began by stating that the financial projections are still a work in process. The Warrant Committee as well as the Board of Selectmen are reviewing the numbers. He noted that there are serious deficits (i.e., predicted over the coming years) that will need to be dealt with.

FTF Final Report

The final report will contain an executive summary, which will summarize the findings of the working groups and will include their primary recommendations. Individual working group reports will be attached. The FTF will need to provide recommendations to the Board of Selectmen with regard to a spring override.

Mr. Kale's Fiscal Overview

Mr. Kale noted that the financial analysis was done in concert with much of the data gleaned from the individual modeling groups data.

Regarding the school budget, there will be a \$500K shortfall resulting from the increased enrollment and an increase in the SPED student population. The school budget has managed its funds well, but various sources of money have run dry, e.g., circuit breaker funding, LABBB credits.

Regarding revenues, Mr. Kale noted that property taxes make up 80% of the budget, while 10% is from state aid. That leaves 10% that is derived from building permits, excise taxes, ambulance receipts, etc. Chair Paolillo noted that free cash guidelines are being established. The Board of

Selectmen will apply these guidelines to the budget process. Mr. Kale added that there is not likely to be additional state aid, as the state is facing a budget deficit.

Mr. Kale then reviewed the highlights of the revenue sources, including property taxes and new growth, which is currently estimated at \$475K. This estimate will likely be revised. There are three major projects pending across town that will affect the new growth number, e.g., NSTAR, Cushing Village, and the Uplands. The value estimates of these three projects was briefly discussed as well as the impact to the schools from the Uplands and Cushing Village.

Mr. Kale reviewed the revenue sources, e.g., motor vehicle excise tax, meals tax, penalties and interest, PILOT payments, library penalties, ambulance fees (the latter were discussed in some detail). Additional revenue sources include the Recreation Department, building permit fees, fines/forfeits, earnings on investments, and state aid.

Mr. Kale discussed the method for replenishing free cash. He noted that conservative revenue estimates will help replenish the free cash account. Mr. Kale explained the overlay account, which is needed to cover abatements granted by the Board of Assessors. Mr. Firenze noted that, historically, less money is typically used on abatements than what is set aside. Mr. Kale touched on capital endowment money and parking fees.

Mr. Kale then reviewed some of the major expenditures, e.g., debt service, roads, permanent funding for sidewalk repair, Minuteman (Belmont is getting a higher assessment as a result of the fact that out-of-district tuitions are being estimated lowered and member districts will need to make up the difference).

Reports by Sub-Committee (Working Groups) Chairs

Education

Superintendent Phelan informed the FTF that the Compensation modeling group report has been distributed.

Superintendent Phelan then discussed three pressure points impacting the schools: rising enrollment, safety concerns, and social and emotional issues of students. Enrollment remains a concern, as Belmont is up 317 students since 2009. Enrollment trends suggest that the district will continue to expand. Mr. Firenze asked if the issue of non-Belmont residents attending the schools is being looked at. Superintendent Phelan replied that yes; and the Town Clerk oversees the certification of residency.

Enrollment is clearly impacting class sizes. It is also increasing the number of study halls (at CMS) and free periods (at BHS) due to limited staffing.

Increased enrollment dovetails into the demand for additional staff to provide support services for students (ELL, SPED, etc.). Many of these staffing requirements are mandated by the state; this was not necessarily true in the past. Two new ELL positions will need to be added, as per the state mandate. Chair Paolillo noted that the mandates have increased, while the state money

to support those mandates has not been increased. This is unsustainable.

Superintendent Phelan agreed and added that the funding to address these mandates will need to be taken from the general education allocation. This will impact the learning and the services of the student population. Right now, he said, *ten* additional staffers (amounts to \$700K) are needed to address enrollment concerns. This will add nothing new to the system, it will only address the increasing enrollment. More staffing is needed to reduce study halls and free periods. More guidance counselors are direly needed (there are only three at the CMS with 1,300 students there) and more technological support positions are needed.

Mr. Kale continued with budget expenditures and stated that health insurance is expected to increase by 5% and natural gas is also expected to rise. He reviewed other fees as well, e.g., waste disposal fees, etc.

Mr. DiCologero reviewed how the teacher salary average estimates came from.

Mr. Kale stated that, when the total expenditures are matched with the total revenues, the budget is \$2.8M short for FY16 using assumption contained in the individual sub-group reports. This number will need to be resolved – by either additional revenues or by reductions.

The implications of the shortfall were discussed. The community, offered Chair Paolillo, will need to decide how to deal with this issue. The facts will be presented to the community and it will have to determine whether we infuse more money into the budget or make cuts.

Chair Paolillo said that available revenue budgets will need to be created. The FTF report is close to being finalized. The Board of Selectmen will need to deliberate on the override issue. Should they move forward with placing an override on the ballot, a budget infused with additional resources will need to be created (in case the override is successful).

Mr. Carman offered some override numbers. For every \$1M override, it's an additional \$150.00 per year for an average single family homeowner.

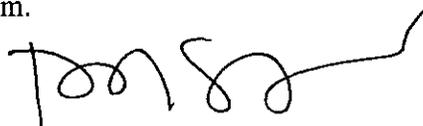
Next Meeting

The FTF will meet again on Friday, January 9 at 8:30 a.m., to hear the Capital Budget report and the Government Operations report.

Approval of Meeting Minutes

The meeting minutes of October 31, 2014 were approved with one abstention.

The FTF moved to adjourn the meeting at 10:35 a.m.



Mr. David Kale, Town Administrator