

BELMONT WARRANT COMMITTEE FY08 MEETING MINUTES
MARCH 19, 2008, 7:30 P.M.
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Present: Members Allison, Vice Chair Brusch, Callanan, Epstein, Heigham, Jones, Lynch, McLaughlin, Oates, White, and Widmer; BOS Chair Firenze, School Committee Chair Bowe Town Accountant Hagg, Town Administrator Younger, Assistant Town Administrator Conti, Town Treasurer Carman

Absent: Chair Curtis; Members: Hofmann and Paolillo The meeting was called to order at 7:31 pm by Vice Chair Brusch. Vice Chair Brusch began the meeting by informing the WC that Chair Curtis is away on business.

Minutes of WC meetings, 3/5/2008 and 3/12/2008

The minutes of March 5 and March 12 were approved with adjustments. There was one abstention for the March 5 meeting. Capital Budget Preliminary Report Vice Chair Brusch presented the Capital Budget Committee's (CBC) Preliminary Report.

Brusch: A preliminary report is done so that the WC knows if additional money is needed, which has an impact on the overall budgeting picture. (There may be no impact this year however.) On April 3, the CBC will vote to make its list of priorities. The CBC will request that the Board of Selectman raise fees to cover the cost requests from water and sewer. The CBC and WC won't approve any sewer and water requests until a new fee structure is in place. This year, most departments requested appropriately (i.e., their requests met the definition of a capital expense). Capital budget funding needs to be a large part of any override conversation. There needs to be a steady stream of money for technology needs and that is not happening now. Also, there are "orphan items" that will need to be funded, as free cash is not available for them this year.

" Pavement Management Program - As a result of the 2001 override, \$1M plus 2.5% will continue to be available with or without a roads override this year. This money was appropriated the previous year. (A parent asked the WC several weeks ago why we needed to fund Pavement Management this year if there was still money left from what was funded last June. The answer is that the money voted in June is used to pay for road work done this Spring, beginning in May. Because all of that funding is committed for 2008 road construction, there is need for more funding to do the work for next year, i.e., 2009.)

" The HVAC units at the high school will need to be done by bonding (\$1M) via a debt payment. Town Accountant Hagg has already removed the funding for this from the CBC allocation. The HVAC units have been bid and work will begin soon.

" Building Envelope Study/Schools - There is no consensus on how to deal with sidewalks, driveways and door hardware. Under the category called "super capital" the School Department has requested a Maintenance Facility at an anticipated cost of \$1M.

The CBC has a little over \$1M to spend this year, with requests totaling about \$4M. The CBC will decide how and what to fund in the next few weeks. Vice Chair Brusch asked BOS Chair Firenze to provide an update on the subject of PILOT payments from private schools in town.

BOS Chair Firenze: We have met with one school and are scheduled to meet with the other on March 31st. The school we did meet with is facing fiscal issues of its own. While the meeting was not encouraging, the school will review the request and get back to us hopefully by April 3, 2008.

Vice Chair Brusch: Clearly \$1M is insufficient for all the capital needs of the schools and the town. The number needs to be closer to \$3.5M.

Proposed Health Insurance % Increases for 7/1/2008

BOS Chair Firenze: On Monday (3/17/08), the BOS voted a rate increase subject to review by the insurance advisory committee. As of Feb 1, there is over \$2M in the health insurance reserve account, which amounts to an excess over and above what's been paid into the account. (All payments in, versus the total out, for 7 months are over \$2M.) The objective had been to get the

excess number to \$2.5M in a 2-year period. However, we will be there (\$2.5M reserve) by the end of June. For the first 2 months of FY08, the fund balance built up because charges incurred during that period lagged payouts by 1 to 2 months. Also, the incurred charges still do not include plan design changes, as these will not take effect until May 1. The consultant recommended a 3.5% increase - which would adequately handle expenses.

The discussion that followed centered on the 3.5% increase amount. Assistant Town Administrator Conti pointed out that there had been an interim increase of 3% in January, which means that the increase is actually 6.5 %. Member White recommended that "Phil's group" present to the WC next week with their advice with respect to the recommended percent changes.

Upcoming Dates for WC Report Preparation

- " Wednesday, March 26 - WC will discuss the template and revise it if they wish. (Member Epstein offered to put the template in electronic format and get it to all members before the meeting.)
- " Wednesday, April 2 - draft subcommittee reports are due for the WC to review
- " Wednesday, April 9 - final subcommittee reports are due
- " Friday, April 11 - complete report due to Assistant Town Administrator's office (Mr. Conti)

Upcoming Dates for WC Preparation for Town Meeting

- " Wednesday, March 26 - Mr. Conti will bring a "sneak peek" of the Warrant Articles.
- " Monday, March 31 - BOS to vote to approve Warrant.
- " Wednesday, April 2 - WC will be given final Warrant and begin to discuss the articles.

The Warrant Committee will meet every week - including April vacation week (4/23) -and will meet prior to TM on April 28 at the high school. Time to be announced later.

Other - Budget Updates BOS Chair Firenze noted that the budget was discussed at Monday night's BOS meeting (3/17/08), and remarked that it is his belief that his Selectmen colleagues would only support a budget that did not have significant cuts in the school budget. The school budget picked up \$163K as a result of health insurance changes, while the town picked up \$120K. It seems we have reached a point to balance the budget (with one time funds such as overlay account, free cash) without an override. However, the budget is now much "tighter" - which will have the effect of decreasing the free cash number. Revolving accounts are zero balanced (and approaching zero on school side). Firenze concluded his comments by asking if the school still requires the \$75K from the money previously allocated to OPEB?

SC Chair Bowe updated the WC regarding the current status of the school budget using a handout titled "Existing and Proposed Changes to FY09 No-Override Budget," which featured "IF ... Changes in Revenue ..." and "THEN ... Restorations" columns. The handout noted that, due to several favorable changes in revenue or re-allocation, many of the suggested cuts (e.g., several teacher positions, the music/library programs, etc.) could be avoided, several significant fee increases could be minimized, and the School Department will be able to hire a new 5th grade teacher for the Chenery School and another new teacher for the High School.

Several questions were directed to Dr. Missal about the \$300K savings from health insurance. He implied that he was not initially confident of the \$300K savings, but then it appeared to be "sustainable savings." Member McLaughlin lamented that a lot of turmoil had transpired in the meantime - including postponing the roads override - during this budget process (implying that some turmoil may have been averted had the \$300K been known about previously). Regarding the turmoil, SC Chair Bowe replied that the SC had undertaken the exercise of constructing a budget using figures the WC provided. Vice Chair Bruschi explained that this was not merely an "exercise" - the WC feels it is prudent to ask departments to budget only assuming revenues that are anticipated or known, and the WC did not know of this additional money when they proposed a figure.

Regarding full day kindergarten (FDK), SC Chair Bowe reported that the SC voted to support FDK, with half the funding to be paid for by a "Continuation" State grant, and the other half by

parents paying on the order of \$1,500 each per year. There is an "opt out" option as well for parents who want to take their children home etc. at midday. When asked what would happen if the grant was renewed at a lower level - might the grant go away? Bowe explained that the grant has been in place for 7 or 8 years, and even in tough times the State has funded it, so he anticipates it will continue; in any case, if the grant does not continue, then parents would be charged more money.

Discussion turned to the allocation of \$150K of free cash to OPEB. The WC had voted on February 20 to reduce the allocation of free cash to OPEB from \$500K to only \$150K, to make more funding available for operating expenses. Since that time, both the BOS and SC voted to request that the WC consider reallocating even the remaining \$150K to fund the operating budgets (specifically, \$75K to Schools and \$75K to Town). Vice Chair Bruschi informed the group that Chair Curtis had informed her (as well as the BOS and SC) that the WC would discuss that request tonight, but probably not vote on it during this meeting. Member Widmer noted that the amount was already reduced from \$500K to \$150K, while Member Jones reminded the WC that an OPEB policy is sorely needed. BOS Chair Firenze asked if this budget, given the amount of savings from health insurance, can be funded without altering the \$150K allocated to OPEB? Member Widmer and Vice Chair Bruschi both noted that the Education Subcommittee will meet on Thursday morning and will address this and related budget issues fully and report back to the WC next week. Assistant Town Administrator Conti added that he and Town Accountant Hagg were working on a warrant article that would use Medicare reimbursement (now part of free cash) to fund OPEB. Member Widmer asked if the WC could discuss this, before it is placed on the warrant. This will be on next week's WC agenda.

A question arose about the timing for the roads override. BOS Chair Firenze stated that, assuming the budget is balanced, the BOS would vote to place the roads on a special election ballot for sometime in May, or early June.

Member Heigham moved that the WC adjourn at 9:25 pm.

Submitted by Lisa Gibalerio
WC Recording Secretary