

BELMONT WARRANT COMMITTEE FY08 MEETING MINUTES

MARCH 26, 2008, 7:30 P.M.
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Present: Chair Curtis; Members Callanan, Heigham, Hofmann, Lynch, McLaughlin, Oates, Paolillo, White, and Widmer; BOS Chair Firenze, School Committee Member Stratford

Town Administrator Younger, Assistant Town Administrator Conti, Town Accountant Hagg, Town Treasurer Carman Absent Members: Allison, Bruschi, Epstein, Jones; School Committee Chair Bove

The meeting was called to order at 7:33 pm by Chair Curtis.

Chair Curtis began the meeting by directing the WC's attention to the Education Subcommittee report. Education Subcommittee Report Member Widmer distributed two handouts and began the report. The first handout - "School Budget" - provides a broad overview of the outcome of last week's Education Subcommittee meeting. The school budget for FY08 was \$37,040,025. The budget voted by the School Committee (at their mandated public hearing for FY09) is \$38,470,916, which represents an increase of 3.9%. Two programmatic improvements that were withdrawn from the budget include Full-Day Kindergarten (FDK) and the Director of Guidance and Assessment position. (The School Committee has instituted FDK beginning Fall 2008, using State grant funds and parent fees, with no additional impact on the school budget.) Savings occurred from staff "attrition" (retirements and leaves known to the schools as of March 1), from one-time sources of revenue (additional use of school choice revolving funds totaling \$195,680 and LABBB tuition credits totaling \$315,000), from medical insurance savings known for FY08 and projected for FY09, and from raising athletic and bus fees.

When asked by Chair Curtis if all the major cuts were restored, Member Widmer replied "yes." \$330 is the new athletic fee per high school student (family cap of \$660), which represents an increase of \$80 per student. Member Stratford mentioned that approximately \$10,000 in student activities have been removed from the FY09 budget, and that the high school student activity fee would not be raised for FY09 as the athletic fee has been. BOS Chair Firenze requested that the issue of charging parking fees (i.e., from BHS students) be looked into in the future.

Member Widmer: The school budget gap has been closed through use of revolving accounts (and what is outlined above) without the use of any of the OPEB funds requested by the School Committee at the March 19th WC meeting. When asked how much money remained in the revolving accounts, Member Stratford replied that "school choice" is empty, more than half was used in LABBB (which is not revolving), tuition and rentals are down to a \$50K cushion (which should be retained in case a major rental like the Chinese-Language Weekend Program at BHS is lost), the SPED circuit breaker gets spent each year, the athletic revolving account is down to \$40K, and the transportation revolving account is down to \$44K. In sum, \$850K has been spent down to \$137K during the last three fiscal years, reflecting a long-term agreement between the education subcommittee and the School Department. The SC feels it is prudent to retain these remaining revolving fund amounts as hedges against other deficits, and doing so will help the School Department avoid running a deficit or asking for additional end-of-year reserve fund transfers. Member Stratford also noted that the LABBB tuition credits, which are not part of a revolving account but can be applied against special education costs incurred through use of the LABBB programs, were also spent down by a significant amount beyond the normal usage of such credits in the past. Widmer added that the SC has been using these funds to balance the budget for the past several years (it dipped heavily into LABBB money this year), which is a form of deficit financing (using one time revenue). This practice will add to the gap for next year's budget.

Budget Discussion

Chair Curtis: What does this mean to the overall budget? - is this budget a "less-than-level-service" budget? It is not a "less-than-level-service" budget, replied Member Widmer. SC Member Stratford added that "no reasonable person could deny that the FY09 school budget has been effectively level-funded". He added that the BOS should be informed that their concern about the school budget, in relation to placing a roads override on a special election ballot, has been fully addressed. He expressed appreciation for the support given to the school budget by the WC and BOS during this difficult budget year.

Member White asked if "Phil's committee" had met to discuss the health insurance rate increase? Curtis replied that his committee has not yet met, but that he attended the BOS meeting when the 3.5% increase was decided upon with the Cook and Company consultant. It is a prudent number, Curtis added, and it will increase the reserves to greater than \$2.5M in FY09. Member Heigham reminded the WC that there was a 3.0% rate increase in January. BOS Chair Firenze added that the Insurance Advisory Committee met and offered their input, and that they were comfortable with the number.

When asked about the status of the town budget, Town Administrator Younger replied that it was a "below-level-services budget." The health insurance money (\$120K) would go back to community development and planning, and Sunday hours at the Library may be restored. The town budget is still \$330K below level services. Chair Curtis stated that it was his belief that the WC will not recommend an operating override this spring for FY09.

Member Heigham motioned: That the WC not recommend an operational override for this year (FY09). All WC members voted in favor.

SC Member Stratford offered the following proposal for the WC to consider: To leave \$100K in OPEB and take \$50K out to address the town's needs. This money would restore professional services, advertising for Human Resources, restore cuts in Council on Aging, restore summer recreation programs, restore money for special election costs, and restore some supplies. This \$50K from OPEB would not allow for OT, street lighting, trees, or watering funds to be restored.

BOS Chair Firenze added that the BOS is unanimous in its support to fund the Comprehensive Planning Program (\$50K). This is a well-spent investment of money which will serve the town for many years to come. In response to SC Member Stratford's proposal, Town Administrator Younger reminded the WC that the town's reductions were made with the intention "to keep the store open." There were no personnel cuts and we can get through without the OPEB money. Younger added that while he appreciates the support from Stratford's proposal, the OPEB contribution is important for the town to keep as part of its planning. Member White added that the WC already voted to cut OPEB from \$500K to \$150K. I don't think that vote should be changed. Member Hofmann agreed, stating that it is important to take care of these long-term obligations. With regard to the \$50K needed for the Comprehensive Planning Program, Chair Curtis advised BOS Chair Firenze "to make a pitch to the WC to revoke the OPEB allocations."

Turning to the issue of the roads override, Chair Curtis noted that the WC had voted unanimously in support of a roads override. BOS Chair Firenze offered that he expected a positive confirmation at Monday night's BOS meeting in support of the roads override. The most likely date for the town to vote would be Monday, May 19. This gives more time for the necessary promotion and marketing to educate the voters. Town Administrator Younger added that the May 19 date was acceptable to the Town Clerk. Town Accountant Hagg will confirm for next week's WC meeting that the \$12K funding is available to hold this special election.

Format and Schedule for Town Meeting Report/Subcommittee Sections Chair Curtis will circulate information regarding deadline reports.

Draft Town Meeting Articles Chair Curtis: While Assistant Town Administrator Conti has provided the WC with an advance view of the draft warrant, it is not appropriate for us to discuss it substantively at this time. However, we should decide if we need to invite people in (i.e., to a WC meeting) to discuss specific articles. For example, the Planning Board is coming on 4/9 to handle zoning questions and concerns.

Member Widmer: We should be prepared to discuss the salaries of elected officials, as this issue will inevitably be raised at TM. Treasurer Carman offered that salaries are based on 2 components: 1) until the midpoint, a 4% salary increase; and then 2) an increase of 4% for the

cost of living based on prior year management levels. Widmer replied that the key question is how to construct the range and midpoint to see if they are below or above. Member Heigham is working to update ranges by surveying different towns. It is challenging though, he said, because there are different job responsibilities in different towns. Chair Curtis said that, to allow for more time to complete the research, this will be discussed on 4/9. Regarding the position classification compensation plan, the WC needs to hear from Diane Crimmins (HR Director). Maybe on April 2?

Member Jones will address articles 16 and 17.

Regarding article 20, BOS Chair Firenze noted that this article pertains specifically to the right to negotiate with the petitioner to sell a portion of Horne Road. This is a separate decision from the planning board process discussion.

Medicare Part D Discussion

Town Accountant Hagg: The proposal addresses the question of how to fund the OPEB liability. \$500K was allocated for this past year, and \$150K for this year. This is a \$120M liability that will not be getting smaller over time. A steady stream of revenue makes more sense. Medicare D is paid for from retirees. It is part of their health insurance policy benefits. It makes sense to funnel this funding into OPEB. The amount was \$120K last year, and it is not expected to go over \$150K. Once our accrued retirement liability is paid (about 2025), we can divert monies that were going to the past due liability - to the OPEB fund - which will give OPEB another steady stream of revenue. The article would address the corrective legislation that is needed for the OPEB fund. The IRS will need to grant permission to use the fund as a tax-free entity. The Home Rule Petition needs to be clarified and the role of Medicare Part D worked into the language.

Town Administrator Conti: This allows for a dedicated revenue stream which applies to every fiscal year. The question is: do we want to do that now, as opposed to having this funding go into free cash? Chair Curtis: Perhaps Moody ought to speak to the WC on this issue. It's one thing to have an OPEB policy and another to rewrite the legislation. I would like to retain local control over this money.

Minutes of Meeting 3/19/2008 The minutes of 3/19/08 will be resent to include BOS Chair Firenze's adjustments. Other - Reviewing the Budget Process Member Paolillo: We need to consider building a budget from the ground up. We need work collaboratively with schools. There should be a better way to address the budget process. Chair Curtis: We will look to see how to do this better next year. Part of the problem with the process is waiting for certain information to become available. This year we are ahead of the game with regard to the budget scheduling, e.g. the budget is ready for April TM.

SC Member Stratford: We will need to begin discussing the three overrides soon. This will require a steady and consistent education campaign. One override is scheduled, the other two are coming, and we need to be talking about one in relation to the other. Member Hofmann: We should also discuss the Library and Police Station projects - we'll need to get those on the table, as well. Member Lynch: It would be useful to start policy discussions sooner, rather than later. We need not wait for the numbers.

Member Heigham moved that the WC adjourn at 9:01 pm.

Submitted by Lisa Gibalerio
WC Recording Secretary