

BELMONT WARRANT COMMITTEE FY08 MEETING MINUTES
FINAL
MARCH 5, 2008, 7:30 P.M.
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Present: Chair Curtis; Members Allison, Brusch, Callanan, Heigham, Hofmann, Jones, Oates, and Widmer; BOS Chair Firenze, School Committee Chair Bowe

Town Administrator Younger, Assistant Town Administrator Conti, Town Accountant Hagg, Town Treasurer Carman Absent Members: McLaughlin, Epstein, Lynch, Paolillo, and White
The meeting was called to order at 7:30 pm by Chair Curtis.

Chair Curtis began the meeting by highlighting the evening's agenda, which will feature continued discussion of the FY09 budget. Subcommittee Reports: Public Works Member Jones: The subcommittee is not yet prepared, and requests to defer its report until next week. Chair Curtis granted the request to defer the report to next week.

Discussion of Snow Budget / Historical Figures

Chair Curtis: Member Hofmann has raised the question "Do we (the WC) properly budget for snow removal?" Approximately \$400K is budgeted with the hope that it covers our costs for that year, with varying results. When the \$400K is insufficient to cover costs, the DPW comes to the WC for a reserve fund transfer.

Member Hofmann: The WC ought to be closer in predicting snow removal costs. This year, we will need a reserve fund transfer of \$266K to cover our costs. Three out of the last four years have been under-budgeted. We ought to do a better job of budgeting the actual costs of snow/ice removal. When one calculates the cost per inch of snowfall times our average snowfall, it is clear that we are not budgeting close enough.

Member Jones: Only twice in 10 years have we had to do a reserve fund transfer. If the snow account amount is increased, we could have an excess that will have to go toward free cash. Snow removal is one of the few items where you don't need to balance the budget at the end of the year. Member Brusch: I would prefer to leave it the way it is. If \$600K becomes the new floor, we will have to budget this amount for the future. Town Administrator Younger agreed that to increase the snow budget impacts flexibility in other areas. Assistant Town Administrator Conti added that it is misleading to focus on snow inches in a given year - the duration of a storm is more important. Also revenues aren't going up, and to increase the snow budget only adds to the basic budgeting problem (of expenses exceeding revenues).

Chair Curtis thanked Member Hofmann for raising the issue, and said that the WC will do nothing at this point. Continued Discussion of FY09 Budget Chair Curtis: At Saturday's March 1 BOS meeting - which included members of the School Committee (SC) and the WC - no votes were taken relative to an April override. The SC was asked if they wanted to recommend an override and we will be hearing a proposal tonight from SC Member Stratford.

Mr. Stratford: The SC was asked to create an override proposal and, in the past four days, has done just that. What follows is a concrete proposal which addresses: the roads, the Wellington school, and the operating budget.

Even with the addition of \$2.75M in "one time" funds, the SC budget falls below level service funding. A structural gap of \$1.5M exists for FY08, it will be \$3.1M in FY09, and up to \$4.5M in FY10. The Pavement Management Committee has recommended \$2.5M to fund the roads spending, which is in addition to the \$1M previously allocated in the Spring 2001 override. The Wellington debt exclusion will need to be voted on within 120 days of state approval for partial funding reimbursement. This amounts to three property tax increases, for necessary town investments, within the next 12-15 months.

Sequencing Proposal:

1) May or June 2008 - \$4.5M operating override, to last for three fiscal years:
FY09: \$3.0M for operating budget; \$1.5M for capital project backlog
FY10: \$3.75M for operating budget; \$750K for capital project backlog
FY11: \$4.5M for operating budget 2) November 2008 (specific time dependent on State) - Wellington 3) April 2009 - \$2.5M for roads override Stratford continued: This proposal allows for concrete accomplishments, including fuller funding for level service budgets, eliminating having to go for additional overrides (for three years), and allowing for roads funding for FY09 and well beyond. The one-time funding is removed, and when deferred, only fills the structural gap. It allows for the capital budget backlog to be addressed. If voters are sufficiently educated, they may accept this kind of long-term planning. Chair Curtis acknowledged that this proposal is well thought through. He asked about the FY09 utilization of \$3M from the override (takes out \$2.5M for roads) which results in a \$500K net gain for school - would this be applied to the school budget? Stratford answered that the SC didn't discuss the \$500K, but that a town-wide approach was possible. Curtis offered the following observation: This proposal does not solve the structural deficit issue, it just supports the current spending level. A spending reduction would address the structural deficit, he said. Member Widmer interjected that "actually the structural deficit issue is solved by either spending less or increasing revenue" (which this proposal does). The fact is, Widmer added, revenue is growing more slowly than spending is growing. BOS Chair Firenze: What happens if it doesn't pass? We will now have a \$3M deficit, and will have delayed the roads by another year. Member Heigham: The WC unanimously recommended that the roads come first, and this proposal reverses that decision. Member Allison: This proposal does not allow people to choose to support better roads, which impacts everyone. With regard to the roads, we know what to do, and are ready to go. There are real concerns in this town about how the operating money is being spent. The roads are being held hostage, for more spending to go on.

Member Widmer: This is a thoughtful and coherent proposal which appropriately addresses the override sequencing question. All three components are necessary; this approach is legitimate and responsible. Member Jones: Even with this \$4.5M override proposal, there is still a gap in FY10/11. Stratford replied that the \$4.5M seemed like the highest number to bring to the voters. There is an incentive, he added, to continue to innovate and to find economies in the way we do business. "This proposal does provide a better floor and gives voters a coherent plan, which is better than plugging the holes."

Member Callanan: I applaud this initiative but have not yet heard what the financial impact will be on the taxpayer. I am concerned about the short period of time in which to educate the public. The public is ready for the roads, I hope they're ready for Wellington, but the operating budget is an unknown. BOS Chair Firenze: We are still working to close the \$0.5M gap. If we do close the gap and the schools could live within that, we could present the roads this Spring, then the Wellington (November 2008) and then an operating override in Spring 2009. Member Widmer: Even if we close the \$450K school budget gap, the WC has a responsibility to lay out to the public, in specific terms, fiscal plans for several years out.

Treasurer Carman approached the WC table regarding a letter he had circulated which highlights the tax increase impact to public. The property tax increase for the average single family home is \$145 per one million dollars in override money. That's a \$653 increase for the \$4.5M override, \$363 for the roads at \$2.5M, and \$363 for the Wellington (i.e., if a 20-year bond is used - it would be \$300 if a 25-year bond is used). All together, these three overrides/debt exclusions would lead to an average tax increase of \$1,316 to \$1,379 per year. To these figures, add \$217 per year for the normal 2.5% increase (due to inflation).

Mr. Stratford noted that irrespective of override sequencing (e.g. Chairman Firenze's scenario or the SC proposal presented this evening), the impact to the taxpayer is essentially the same. Comments from the audience: Anne Mahon: There exists a large cohort of people who are motivated and ready to make it their mission to educate the public by going door to door, making phone calls, and writing letters. Under Mr. Stratford's proposal, they will be working hard to support the whole town-wide package including the roads and the capital projects. Ms.

Tannenbaum: I like that this proposal has a spirit of partnership. We do not want a roads vs. schools scenario. Many parents are looking out for the town as a whole. This combined picture offers the right solution.

Chair Curtis: The WC will not vote tonight on this proposal. We need to see what happens at the March 17th meeting (with the health consultants) regarding the forecasted reduction in health insurance costs. BOS Chair Firenze: Given that we are accumulating more in health care savings than anticipated, we are building the required reserve faster than expected in these first 7 months. We expect to have \$2.5M accrued - this, without the implementation of plan design changes (which will account for \$300K more in savings). We may be able to reserve less than the current 7%. And for every percent less, that's \$90K difference in the reduction in expenses. Firenze added that he may want to revisit the discretionary OPEB contribution of \$150K, in order to help close the \$450K gap.

Audience comment: Gretchen McClain: There is a history here of putting off taking care of the operating deficit this year, until next year. When next year arrives, there is no override. Meanwhile, services are going down year by year, for 10 years. I would like a guarantee that if the operating override gets put off, that it will be supported next year.

Chair Curtis agreed that if we bridge the \$450K gap this year, a significant operating override would be needed next year. Member Widmer concurred and added that the WC must have unanimity regarding its override sequencing. The WC must make a serious commitment to an operating override for next year; we can't just have good intentions. If the WC is divided - it won't pass, he said.

Member Bruschi: While services have been cut, there have also been service enhancements. It's not all cuts, things have been added, too. The WC must be careful in its approach; we must make sure that \$4.5M is the right figure. We do need a 3 year plan and we need the right plan.

Chair Curtis: We will deal next week with the more technical questions (of the budget). Minutes 2/27/08, 2/13/08, 2/6/08 The Minutes from the meetings of 2/27/08, 2/13/08, and 2/6/08 were unanimously approved with no adjustments.

Other

Town Accountant Hagg: Next week's meeting (3/12/08) will be located at the Homer building.

Member Heigham moved that the WC adjourn at 9:29 pm.

Submitted by Lisa Gibalerio
WC Recording Secretary