

- **Belmont Warrant Committee Meeting Minutes**
 - **DRAFT**
 - **April 1, 2009, 7:30 p.m.**
 - **Chenery Middle School Community Room**

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- *[Note: This was a joint meeting of the Warrant Committee and the Board of Selectmen; the School Committee was also called to order midway in the meeting.]*
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- Present: Chair Curtis; Members Allison, Bruschi, Callanan, Epstein, Heigham, Libensen, Lynch, McLaughlin, Millane, Paolillo, Smith, Widmer; BOS Chair Firenze, School Committee Chair Bowe
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- Selectman Jones, Selectman Leclerc; Town Administrator Younger, Assistant Town Administrator Conti, Town Accountant Hagg
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- Members Absent: Hofmann
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- The WC meeting was called to order at 7:35 pm by Chair Curtis.

- The BOS meeting was called to order at 7:35 by BOS Chair Firenze.
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- Chair Curtis began the meeting by giving a Health Insurance summary.
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- ***Health Insurance Update***
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- The town, began Chair Curtis, has determined that it does not have the legal authority to pay more than 50% for PPO or indemnity as per Chapter 32 B Sec. 7a (employees) and 9e (retirees). A TM vote is required in order to contribute more than 50% and the town has voted “No” in the past. The HMO plan also requires a TM vote to increase by 50%. BOS Chair Firenze stated that the BOS has met with Town Counsel. No decisions have been made, he said, and the issue is “under advisement.” Member Epstein asked if there was a distinction for active or retired employees. Chair Curtis replied that retirees are not subject to collective bargaining. Regarding next steps, Curtis noted that July 1 is the renewal date, and the town can then set the contribution rate at 50%.
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- ***Retirement Board (RB)***
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- Doug Moseley from the NECP, Mr. David Driscoll from Buck Consulting, Mr. Roy Saco, Chairman Belmont Retirement Board, Mr. Thomas Gibson, Vice Chair of the Retirement Board, and Ms. Marion Cote, RB Administrator appeared before the WC to discuss issues related to the pension plan.~
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- Vice Chair Gibson referenced a report entitled “State of the Pension System 2009,” which can be found on the web. He noted that the town’s pension investment

return received a 22.6% loss (vs PERAC 29.6% loss), which impacts long-term funding. Mr. Driscoll spoke to the losses and gains of the investment. The next actuarial valuation for Belmont will be on Jan. 1, 2010. The unfunded liability is amortized over the next 15 years. A number of communities, he said, are in far worse shape than Belmont is. Belmont has not extended its amortization of unfunded liability as long as it could (2029), which results in conservative assumptions. Mr. Driscoll then spoke about pension reform by the Mass. Legislature. Chair Curtis raised the point that public pensions must be fully funded – this is not so for private pensions. Member Widmer added that cost is the major public pension issue. How can these pensions be paid for long-term, he asked? Widmer added that “not much” is being done in the way of reform. Mr. Moseley agreed that cost is the biggest factor for discussion, especially concerning “legacy costs,” e.g. paying for promises made 40-50 years ago. The pension benefit, he said, is derived from town contributions, from the current employees’ paying an average of 9%, and from investment returns. Member Allison noted that, regarding the 9% paid by new employees, if the market does not perform well, those contributions won’t cover the pension. The taxpayer bears all of the market risk, she said – in a defined-contribution plan, in contrast, the employee takes the risk in his or her own plan.

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- Chair Curtis noted that the FY10 contribution is fixed, but what about 2011, he asked? Mr. Driscoll noted that, in January 2010, a new valuation will be done. The 2011 contribution will be based on~the 1/1/08 actuarial study, like the FY10 assessment. However, the 2012 contribution will be influenced by the 2010 report. Losses, he said, will be reflected in the unfunded liability and amortized over~the next 15-year period – unless the Board votes to extend to 2019. Member Paolillo noted that Belmont lost \$16M on the investment, plus there is \$50M in unfunded liability the last time it was measured. This totals \$65M in unfunded liability. He stated that a quick estimate would mean that the town will need to contribute an additional \$1M a year. Member Bruschi noted that the “smoothing discussion” needs to happen a lot earlier than it has in the past (this is referring to the town assessment, not the methods used by the actuary).

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- SC Chair Bowe called the SC to order at 8:34.

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- ***BOS Report on Budget***

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- BOS Chair Firenze said that the BOS met with Town Administrator Younger on Monday evening. The BOS came up with a budget and discussed the use of free cash. Mr. Younger said that \$29,533,849.43 is the available funds number, which includes the layoffs or freezes previously discussed. The part-time pothole position will be funded (which was not in the original FY10 budget) and the Master Planning inspector position will go back into the budget for zoning and inspection purposes (as this impacts public safety). This is a budget that we can live with, he said, but there is concern that FY11 will be even more challenging. BOS Chair Firenze noted that, of the \$1.453M remaining in free cash, no additional amount should be used. Chair Curtis asked about the \$300K built into revenues from the proposed meals and hotel tax. What happens if that tax does not pass? Chair Firenze replied that, yes, the \$300K could be put back in budget from free cash if it doesn’t pass.

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- Regarding personnel reductions, Mr. Younger said that the town side is down 11 FTE. 270 people were employed in 2002 and there will be 249 FTEs for 2009. The town has not been growing, he said, it has been decreasing. Member Brusch noted that, with regard to the 25% ambulance service reduction and the elimination of snow and ice removal from “Private Ways” – these reductions need to be discussed now. She added: These reductions need to come to pass and actually result in savings, she said, unlike the recent street light situation.

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- ***OPEB Appropriation Decisions***

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- Chair Curtis noted that the current budget assumes a \$150K contribution to OPEB. This is a discretionary action. Member Widmer suggested that the WC take that money (\$150K) and apply it to the operating budget. Selectman Jones said that he agreed, in light of the enterprise fund contributions to OPEB this year, which total over \$1M. The Board, said BOS Chair Firenze, is unanimous in its agreement that the \$150K be applied to the operating budget. Member Brusch said she is concerned about putting the one-time \$150K into the operating budget. It should be used for a one-time expense, she said, so that we have the money for next year.

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- *Member Widmer motioned:* That the WC direct the \$150K that had been intended for OPEB into the operating budget for FY10.
- The motion passed, with 12 for and 2 opposed.

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- Member Allison said she feared that we have begun to dig a hole for FY11 if we plan to resume OPEB contributions.

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- Chair Curtis said that the WC will discuss the \$150K split at another time.

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- ***FY10 Budget and Use of Free Cash / Discussion on Town/School Split of Available Funds***

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- Chair Curtis invited the SC members to the WC table. Curtis asked the WC about the issue of free cash use, noting that the BOS is unanimous in its decision to hold on to free cash to guard against further reductions in state aid in FY11. Member Widmer said that he agreed with the BOS decision; FY11 and FY12 will be difficult years, and safeguarding free cash is critical. The \$1.3M in stimulus is questionable, one-time money. The House budget is due out on the 15th; this is an important “moving piece.” Superintendent Aubin noted that the \$1.3M from stimulus is a separate grant and that 50% of that money has to be used for development, etc.

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- Member Brusch noted that Town Administrator Younger is putting together a group of people to understand how and when to access the stimulus money for education, for roads. An explanation will be put on the town’s web site. A “Stimulus” task force is being put together, concurred Town Administrator Younger, and School Committee members will be added to that group. Chair Curtis noted that all of this has impact for

the SC's tiers of reductions, and also wraps into the override question, which the must be decided by May 4th. Member Widmer reminded the WC that the legislature must appropriate the \$1.3M, and they could deduct that same amount from Belmont's local aid. Member Smith offered that it is premature to definitively decide the free cash question. There are too many moving pieces. If there is no stimulus money (in effect) and if the override doesn't pass, I would entertain using some free cash for FY11, Smith said. Many WC members expressed agreement with this comment.

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- Member Brusch asked TA Younger to do a tiers sheet that noted which reductions would be added back in if more money was available, e.g. plowing private ways, tree planting, etc.

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- SC Chair Bowe and SC member Rittenburg noted that almost 30 FTE teachers spread throughout the system – including 19 classroom teachers, two guidance counselors, and four library aids – were being reduced. The impact of this will be that all elementary classes will now be up to 25-26 students. Rittenburg noted that pink slips will happen after April vacation.

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- ***Bond Rating***

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- Chair Curtis noted that Belmont has sustained its AAA bond rating.

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- ***Minutes for Approval***

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- The minutes from 3/25/09 were not reviewed.

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- ***Other***

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- Member Heigham moved that the WC adjourn at 9:43 pm.

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- Submitted by Lisa Gibalerio
- WC Recording Secretary