

# Warrant Committee Meeting Minutes

## April 6, 2005

*Handout(s) distributed tonight are:*

1. *Proposed Annual Report to Town Meeting To Accompany the Capitalization Stabilization Fund*
2. *Details of Capital Override Proposal*

Member(s) absent: Doblin, Oates, Callanan

Also present: Town Administrator Tom Younger, Acting Town Administrator Rebecca Vose, Selectman Will Brownsberger, Selectman Angelo Firenze, School Director of Finance & Administration Dr. Gerry Missal, School Superintendent Dr. Peter Holland, Town Treasurer Floyd Carmen, Town Counsel John Giorgio, and Town Accountant Barbara Hagg

Chairman Widmer called the meeting to order at 7:37 PM. He introduced the newly elected Treasurer Carmen, Town Administrator Younger and Town Counsel John Giorgio.

### ***Override Discussion***

Vice Chair Jones would like an annual report given to Town Meetings regarding the capital stabilization fund that was proposed last night (*Handout 1*).

Town Counsel Mr. Giorgio spoke of the details and the logistics of the capital override proposal (*Handout 2*) discussed last night. Article 11 of the ATM Warrant is the vote to establish this Capital Stabilization Fund. If the article were voted this way at Town Meeting, it would be the intent of the Board of Selectmen to call a special election no sooner than 35 days later. If approved by a majority vote, in FY06 we could raise \$3 million in excess capacity that would go into the Capital Stabilization Fund. The money could be appropriated for capital out of that fund.

If the override does not pass, there would be a problem in the Capital Budget Article (Article 10). A Special Town Meeting would be called by the Board of Selectmen to deal with the shortfall. With the stabilization override, it is like a general override in that it is a permanent increase in your levy limit going forward only if the Board of Selectmen decides to raise that amount each year in the future. In FY07, the Board of Selectmen could approve the \$3 million plus the 2-1/2%, but if the Board of Selectmen determined a lower base, it would be a permanently lowered amount – another ballot question would be required to raise the limit again. Any appropriation out of the Stabilization Fund needs to be approved by a 2/3 vote of Town Meeting. When it comes to Proposition 2-1/2, the appropriating authority is the Board of Selectmen; everything else is Town Meeting.

Mr. Giorgio encouraged the Warrant Committee to help determine what is contingent on the passage of Article 11. Member Paolillo asked if this Fund could be established and not funded. Mr. Giorgio agreed it could be established but not funded if necessary.

Mr. Giorgio recommends a separate section within Article 10 (Capital) for those items that will be funded from Article 11 (Capital Stabilization Fund) contingent upon approval at the special election.

Chairman Widmer reminded the Committee we would be meeting April 20 to vote on the financial articles for Town Meeting.

### ***FY06 Budget recommendations' providing the override passes***

Chairman Widmer suggested we go back to the Board of Selectmen's recommendations and try not to cut the Town or School budgets further in order to make room for capital. We still have to find \$55K. It appears we have a reasonable shot with the \$3 million override for FY06. He does not think we would still need an override in FY07. For all those reasons, Chairman Widmer's recommendation would be to fund the Town and School at the Board of Selectmen level, then find \$55K somewhere else.

Member Brusch asked what part of the Concord Avenue property is coming out of the Capital Stabilization Fund other than the debt. Selectman Brownsberger responded that we would plan to spend the rink, financial software package, the immediate payment of the Concord Ave. property, and the balance of the \$3 million for other items in the Capital Budget – all contingent on the passage on the override. It will be understood that \$800K not used in the original Capital Budget would be left in the bank. Member Brusch would like to use a fraction of the remaining \$800K for the Capital Budget Committee's priority 2 items. Selectman Brownsberger responded that we cannot get ahead on the capital curve and have the funds available for FY07. If we do more capital this year, we still need to do \$3 million next year.

Member Paolillo asked why Chairman Widmer thought we would not need an override for FY07 if the FY06 override passes. Selectman Brownsberger explained the "Steps in FY07" (*Handout 2*) to the Committee. Member Paolillo countered that GASB 45 is still looming. Selectman Brownsberger agreed and the gap for FY08 (page 6 of *Handout 2*) builds in a \$3.1 million override to be at level services, not including what is needed for GASB 45.

Vice Chair Jones is not sure we should be ruling out an override in FY07 yet. Member Paolillo believes FY07 is a wildcard. He thinks we are going to be asking in FY06, FY07, and certainly in FY08. Today we know what the facts are. We know what we can do to get through FY06.

Member Brusch clarified that a lot has happened since the Warrant Committee presented the budget in March. Member Hofmann agreed, and he pointed out that this is a *capital* override, not operating. When it comes to an operating override next year, it will be much more difficult to present to the voter.

Selectman Firenze expressed his concern that residents will not appreciate the merits of this override because it will mean an increase in their tax bills. Selectman Solomon pointed out that the rink and Concord Ave. property are issues that have recently come up. He thinks we should put forth the best foot we can because it is good for the long-term wellness of the Town.

Member Curtis is concerned that if we bought the Concord Ave. property, then we have open space that we're paying debt service on. What is the impact on the operating budget in future years? What is the premise behind buying it? Selectman Brownsberger answered it is a 20-year bondable item, about \$70K-\$80/year of debt.

Chairman Widmer summarized our two issues: 1) Do we fund some or all of the priority 2 assuming the override passes? 2) Where do we find \$55K in cuts on the Town side?

Member Brusch thinks if we can make a good case for about \$2.2 million of the override. The issue that gets a little dicier is the remaining \$800K. There are items that we should be funding with that \$800K instead of leaving it in the bank to lessen the burden for FY07. She would like to fund the priority 2 (~ \$290K) out of the \$3 million. Chairman Widmer clarified that it would, in effect, reduce the Free Cash for FY07. It is trade off of how much we fund in FY06 versus what is available in Free Cash for FY07.

Vice Chair Jones asked if the 16' lawn mower would improve productivity of the DPW personnel. Also, what risks are we taking not funding an oil burner at the Winn-Brook? Would we save any money with the panels using economy of scale? Member Brusch responded that we have put off the last item at least a year, but if we did it in one fell swoop, then yes. She hopes we can limp along another year with the oil burner. There is a lot of wear and tear on the lawn mowers. Selectman Firenze added we currently drive the lawn mower on the street, which is tearing up the current lawn mowers. Having a trailer that would tote the 16' mower makes sense. Additionally, we are expecting another cemetery, and a larger mower will increase grounds keeping productivity.

Member Curtis thinks the current phone system at the High School is fine. As an end user, he feels it works satisfactorily. Dr. Holland feels strongly this is an important upgrade for our school system.

Member Fitzgerald pointed out that by eliminating the Centrex system saves the Town \$10K per year. He also agrees the lawn mower will increase productivity and free up personnel for other needs within the DPW.

Member Curtis is focused on the trade off between operating and capital. Does the Schools want a new phone system or would they rather have the School Committee's Tiers 6-8?

Member Hofmann clarified the real issue is Free Cash. Discussing specific items is not getting us to the larger issue. Chairman Widmer agreed.

**Straw vote:**

*How many on the Warrant Committee would prefer to spend the Capital Budget Committee's priority 2?* Jones, Fitzgerald, Miller, Tillotson, White, Hobbs, Bruschi

*How many would prefer to draw less on the Free Cash for FY07?* Hofmann, Heigham, Widmer, Solomon, Curtis, Paolillo

Selectman Brownsberger feels comfortable that we can rely on the projections that have been done. He does not think we are going to have to go out for an override for FY07, but if we just spend it all on capital now and clean the queue, it is a mistake. He does not have a problem with funding the debt service with the capital override in order to fund more capital requests.

Chairman Widmer mentioned we need to find \$55K on the Town side. Any suggestions? Vice Chair Jones pointed out that Town Administrator Younger had addressed cost savings in street lighting costs in North Reading. Town Administrator Younger responded that it created uproar with residents. It was part of an operational override that failed. Since the override failed, the community knew that would be occurring to offset a failed override.

Member Paolillo suggested cutting the COA part-time custodian (\$20K) and additional Cemetery worker (\$30K). Member Hofmann would hate to take another person out of the Cemetery Department since that staff is so lean to begin with.

Member Fitzgerald offered the elimination of the HR Admin. Assistant (\$19K). Also, having the Assessing Administrator come in lower than we anticipate would allow for savings. Town Accountant Hagg thinks the Admin. Assistant is needed for HR. She agreed the Assessing Administrator is a good suggestion. Town Accountant Hagg also added the CD Director has an engineering position that is not expected to be filled until January (\$25K savings).

Member Tillotson suggested delaying the hiring of the Asst. Town Administrator, cutting the position's hours, or decreasing salaries/hours of positions in the office. Chairman Widmer thinks that office is understaffed and there is an enormous amount of responsibilities already.

Member Miller mentioned the bussing bids came in \$16K under budget, and she offered that savings back to the Town.

*Possible cuts:*

Assessing Administrator	\$15K
CD Engineer	\$25K
Bussing bids	\$16K
	\$56K

- *The Warrant Committee unanimously voted to recommend the above reductions for the FY06 Budget.*

### ***Other***

Chairman Widmer said we have to be very clear why we have reached our \$3 million recommendation. Member Bruschi recommended we push the budget off until June where we either have a Special Town Meeting or adjourn the Annual Town Meeting until then. That will take the pressure off the reports and we could then work on the “B” Budget. We would still go forward with the override. It is important to get this budget right.

- *Member Hofmann made a motion, Member Tillotson seconded said motion, and the Committee unanimously voted to recommend to the Board of Selectmen to put off the FY06 Budget vote until June, either with a Special Town Meeting or resuming the Annual Town Meeting.*



**There will be an additional Warrant Committee meeting on Tuesday, April 19. On the 20<sup>th</sup> is a regularly scheduled meeting, and the 21<sup>st</sup> is the League of Women Voters Night.**

Member Heigham made a motion and it was unanimously voted to adjourn the meeting at 9:54 PM.

Respectfully submitted,

Kristina Frizzell, Recording Clerk