

**Warrant Committee**  
**December 2, 2020 7:30pm**  
**Remote Meeting via Zoom**

**RECEIVED**  
**TOWN CLERK**  
**BELMONT, MA**

DATE: June 28, 2021

TIME: 2:37 PM

## **Meeting Minutes**

### **Members in Attendance**

**Warrant Committee:** Laurie Slap, Paul Rickter, Mike Crowley, Ellen Schreiber, Elizabeth Dionne, John Alcock, Christine Doyle, Jennifer Fallon, Elizabeth Goss, Andrew Levin, Daniel Halston, Anne Helgen, Geoffrey Lubien, Robert McLaughlin, Lynn Read, Jack Weis, Roy Epstein

**Other:** Jon Marshall

### **Call to Order**

The meeting was called to order at 7:30pm.

### **I. Approve minutes. (none)**

### **II. Preliminary discussion of 11/23 budget presentation.**

The FY22 School budget has been increased by \$6.7 million. This includes the transition to full time Kindergarten and an additional \$400,000 is allocated to rolling over new positions that had been added in the Fall of 2020.

### **III. Q1 Town and School financial reports.**

Ms. Garvin presented the Quarter 1 financial report.

- Revenue
  - There are often timing issues when considering Q1 financials because of late collections that roll over into the new fiscal year. One example of this is the increase in Board of Health permit fees. Because of COVID, BOH had to delay some of their regular permitting activities such as annual inspections which rolled over into FY21.
  - The Town has seen an impact in revenue as a result of COVID. There are lower local receipts and rental fees, decreased parking fee revenue and lower revenue from Recreation. The pool was not open during the summer of 2020. The estimated revenue from Recreation was reduced to reflect this. The majority of money is collected leading up to the summer so depending on current events the Recreation Department could see revenues pick up in 2021.
  - Real estate and personal property taxes are in line for collections.
  - There has been an increase in false alarm fees from the Police Department.

- The town expects to receive level funding from state aid.
- Expenses
  - Timing issues have affected Q1 expenses. Encumbrances from the prior year are generally paid in Q1.
  - COVID additionally impacted the town's expenses. In particular, the Town Clerk's office had significant unfunded mandates related to the Presidential election.
  - The IT Department had to spend money on phones at the beginning of Q1.
  - Overall, results are in line with budgeted expenses.

Mr. Crowley presented an overview of the School's Q1 financials.

- Mr. Crowley noted that this is an unusual year. The schools have dealt with a lot of moving pieces. They have different pots of grant funds that are being accessed to keep things going. The schools expect to break even.
  - Elementary school teacher salaries are in a deficit of \$477,000 due to the elimination of fees for full day Kindergarten. This is being partially offset by drawing down on funds from the Revolving account. The Revolving account is down by \$330,000 as a result. They do expect to receive an increase in Chapter 70 funding because of the move to full day Kindergarten.
  - The schools had to hire more substitute teachers than usual, increasing expenses.
  - School bussing costs have increased because of COVID guidance.
  - New lines were added into the budget to include new federal grants such as CVRF and ESSR grants. The town has used about 70% of the CVRF grant and used the ESSR grant to fund two Technology Specialist positions.
  - In a typical year, staff turnover would represent savings but is instead costing the schools more this year.

#### **IV. Discussion of FTF2 model assumptions.**

Mr. Lubien shared the FTF2 model in its current form.

- All assumptions for revenue outside of the use of one-time funds have been generally agreed upon. The Warrant Committee needs to discuss what the town can and should do with one-time funds. How much does the town want to use to mitigate the size of the proposed override?
- Free cash is included in town revenue. The town typically uses at least \$2 million of free cash annually for the operating budget. There is always some amount of turnback.
- Expenses in the model have been updated to reflect the new school budget estimate.
- The town will have a fiscal deficit in FY22 of \$8.1 million.
- Committee Member Comments and Questions:
  - Why is there a dip in expenditure growth in 2025? Why is it so much lower than surrounding years?
    - One piece of that answer could be debt service but Mr. Lubien will look into it.
  - What are the retained earnings from the enterprise funds assumed to be?

- Water will bring in about \$2 million annually.
  - Sewer will bring in about \$1.5 million annually
- There is a lot of uncertainty and the model should be considered cautiously beyond 3 years.

Regarding free cash and reserves, the town has \$11.2 million in certified free cash as of October 2020.

- The town should keep 3% of its operating budget in reserves for FY22 as well as 10% of the General Fund revenue set aside in order for the town to have liquidity if needed.
- Committee Member Comments and Questions:
  - Free cash is typically used for big projects and expenses.
    - The town could bond projects to fund them instead.
    - Possible large projects include the Landfill, skating rink and school projects.
  - Why only maintain 3% of the operating budget in free cash instead of 4% or 5%?
    - There are pro's and con's to maintaining a 3% or 5%.
- If the town uses current free cash and anticipated state aid over the course of three years then this would bring the deficit to about \$5.3 mil - leaving a \$6.4 million override necessary to cover town financially.
- If the town uses all of its free cash in FY22 then the budget would be balanced, but the town would face a \$10 million deficit in FY23.

The financial model will be shared with Committee members. There are still many unknowns that could impact the model.

## **V. Understanding the Override and Making Difficult Budget Choices Discussion of Presentation - December 9, 2020 at 7PM**

Ms. Slap presented the drafted presentation for the upcoming public forum. In this presentation she will address what a structural deficit is, the history of Belmont's structural deficit and ways that Belmont could address it. The goal is to share as much information as possible with the public to improve understanding of Belmont's financial situation.

Committee Members provided the following suggestions:

- Mention that the town has been in this financial situation for 40 years and has continued to deal with it.
- Make it clear that state mandates are not only for large ticket items but smaller ones. The town is obligated to provide mandated goods and services.
- Provide an overview of Proposition 2 ½.
- Mention that Belmont has had overrides in the past.
- Can we provide an example of a similar town? Winchester is a good example because of their size, limited commercial tax base and increased school enrollment. They also have recently passed an override.

- Both reductions in spending and increased revenue could be tools used together to address the budget.

Public Comment:

- Mr. Paul Roberts suggested that the town draft a long term budget plan. Mr. Roberts would also like Belmont to commit to increasing per pupil spending.

## **VI. Reports from Select Board, Town Administrator, School Committee, and liaisons.**

The Select Board has signed two host agreements with marijuana dispensaries.

The Board has decided to hold a cardboard recycling event in January. Each carload will be charged \$5.

The School Committee reported that classes are remote this week due to Thanksgiving travel. They will return to a hybrid model soon.

The Building Committee reported that much of the furniture from the old High School will not be able to be used.

The Warrant Committee will meet again on December 16, 2020.

*Motion: to adjourn the meeting at 9:14pm. (Motion passed unanimously).*

Submitted by  
Katie Luczai

## **Documents Used:**

1. Belmont Five Year Financial Model
2. Draft Presentation - Understanding the Override and Making Difficult Budget Choices  
Discussion of Presentation - December 9, 2020