

FINANCIAL TASK FORCE II JOINT MEETING WITH BELMONT SELECT BOARD

SELECT BOARD CONFERENCE ROOM

MONDAY, JULY 19, 2021

7:00 PM

DATE: November 2, 2021

TIME: 9:44 AM

CALL TO ORDER

[Begin Joint Meeting with the Financial Task Force II]

Financial Task Force II

- Final Recommendation to the Select Board • Financial Policy Discussion and Vote • Future of the Financial Task Force II
- Final Recommendation to the Select Board.
 - Caputo reported that the Financial Task Force II (FTFII) is making 16 recommendations to the Select Board. FTFII was convened in 2019, the group comprised 10 members and their objectives was to develop a five-year financial plan and collaborate with the schools and Town to devise budgets. They made a number of recommendations to the Select Board regarding the financial deficit.
 - The Task Force solicited feedback from the Warrant Committee, Capital Budget and School Committee.

Caputo presented slides regarding Financial Task Force II (FTFII) recommendations:

Short term planning

- 1) Place override on Town Election.
- 2) Utilize free cash to provide greater flexibility to reduce operating override.

Long Term planning

- 1) Creation of a Finance Director for strategic financial leadership. The Town is hoping to add this role through reorganization.
- 2) Creation of five-year plan for Financial Modeling. The Model has been designed for flexibility and to accommodate updates. The Finance Director will work with this model for long term planning.
- 3) Incorporation of ideas from the FTFII into the annual Warrant and Town budgeting process.
- 4) Utilization of Financial Planning Tools software. Encourage the Town to use municipal friendly software in the future, other than Excel.
- 5) Support continued support of long-term capital planning by establishing Long Range Capital Planning Committee. (This committee has been established and may be combined with the Capital Budget Committee.)

6) Support for Structural Change Impact Group. (The group was created in September 2020 and group tackled much work to increase revenue and mitigate costs.)

7) Health care Mitigation

- Health care costs are a large part of the Town budget. Costs typically increase more than 2 and 3%. The Town and Schools should consider joining the state GIC.
- Health insurance splits by contract are usually with 75/25 (with employee paying 25%). Try to align all employees around the 75/25 split.
- Health care is a significant cost driver. Encourage views to aggregate health insurance in the budgets.

8) Town should consider smaller periodic overrides.

9) Development of an annual report on the financial state of the Town that is geared to the average public. Prepare a smaller report and actively communicate the report to the Belmont Community.

10) Establish an annual wage and classification study to retain equitable pay for both union and non-union employees.

11) Expand collaboration between Town and School Administration, Select Board and School Committee for a long term, integrative view in high level union bargaining. Include Town Administration in bargaining process.

12) Implementation of revised set of Financial Policies.

13) Future review of Free Cash and reserve ratio guidelines.

14) Future engagements with public policy consultants to support implementation of recommendations. Town should seek additional grants for support of recommendations, like the Collins Center.

- FTFII met with the Warrant Committee, Capital Budget Committee and School Committee and alignment has been achieved with those committees.
- Financial Policy Discussion and Vote
 - The Belmont Financial Policy document is 50-page document. It is an aggregation of numerous different policies for Town of Belmont. FTFII thinks that the policies are pretty close to what the Town is currently working with but there is room for evolvement, ie, recommendations regarding free cash guidelines were established in the past, but the Select Board may want to revisit that policy.
 - Dash asked if the Town Administration Department has the time to do annual reports? Garvin said that the auditor is asking to pass codified policies before the Fall. Most guidelines are what we are practicing now.
 - Paolillo said we need the additional Finance Director to handle day to day financial obligations.

Public Comments about FTFII recommendations:

Norma Massarotti asked if the health care insurance ratio of 75/25 was driven by equity between Town and Schools or was it supported by benchmarking? She is surprised it didn't go to a 70/30 split and introduce other changes like spousal surcharges, health care for part-time employees and other trends being taken up by other industries.

- Caputo answered there were two bases for the split recommendation. The recommendation was driven by employees hired at different times. He said the Town is not yet at a 75/25 split and there is opportunity for cost sharing. But he believes the Town can consider working towards a 70/30 split.

Massarotti suggested that we need to look for a Finance Director with a special skills set to drive savings.

- Epstein asked how the School Committee received the recommendations? Caputo said they wanted greater inclusion of the School Committee to effect more influence in the budget process and they wanted greater visibility in the modeling processes.
- Epstein asked if the School Committee were looking for revisions to language in the Financial Policy document? Caputo said revisions were made due to modifications suggested by the Warrant, School and Budget Committees.

Motion was made to accept and endorse the Financial Task Force II recommendation to the Select Board. Motion was passed by a vote of 3-0.

[The Vote on Financial Policy document will be deferred until the August 2nd Select Board meeting.]

- Future of the Financial Task Force II

- Dash said the funding from the State and Federal governments is in flux so it would be hard to determine the future of the FTFII right now.
- The group felt it was premature to disband the FTFII, as it may be needed going forward.
- Caputo said there is a need to talk to the FTFII group to see who wants to continue to serve. Caputo asked the Select Board to provide the Task Force a better understanding of their new charge.
- Dash identified important issues as: Decisions about use of Federal ARPA money, feedback of SCIG report, and decision about future overrides.
- Epstein said the FTFII did an enormous amount of work. The focus should now be on using the model to determine structural deficits. The new Task Force group may be able to be smaller than the previous Task Force.
- Caputo said he would be happy to continue to serve on the Financial Task Force and he will work on determining who else wants to remain on the Task Force.

Motion was made to extend the term of the Financial Task Force II to June 30, 2022. Motion was approved by a vote of 3-0.

[End Joint Meeting with the Financial Task Force II]