

10/25/2021

SELECT BOARD JOINT MEETING WITH THE FINANCIAL TASK FORCE II
FRIDAY, JANUARY 15, 2021
REMOTE MEETING
8:00AM

RECEIVED
TOWN CLERK
BELMONT, MA

DATE: October 28, 2021
TIME: 2:54 PM

Financial Task Force II (FTFII) Members Present: Chair Tom Caputo, Rebecca Vose, Anthony DiCologero, Patrice Garvin, John Phelan, Geoff Lubien, Catherine Bowen, Mark Paolillo

Meeting was called for order at 8:01am.

Roy Epstein, Chair of the Select Board called the Select Board to order with a quorum. Vice Chair Tom Caputo and Select Board member Adam Dash were present, along with Town Administrator Patrice Garvin, and Acting Town Accountant Glen Castro.

This meeting is to present the results of months of work undertaken by the Financial Task Force II to understand the structural deficit and the levers that the town has available.

Continue Discussion on Operating Override/ Review of Financial Model / FY22 Budget Update and Timeline

An effort was undertaken by the Financial Task Force II and Warrant Committee to refine the economic model in order to chart the course for financial stability going forward.

Through extensive statistical modelling and collaborations the Task Force has finalized a financial model for public review.

This financial model includes:

- Model revenue assumptions - The town is assuming \$740K in new growth. For FY22- FY24 there is a high school debt exclusion borrowing cost. The town expects increased amounts in state aid and Chapter 70 funding.
- Free Cash (certified) - The town has a relatively high balance of free cash, a total of \$11.2 million. This is a result of a town and school wide effort to minimize expenditures and hiring freezes as well as maximizing efforts to tap into state and federal grants. In a successful override the town would be utilizing free cash to minimize the overall impact an override would have on taxpayers. The utilization of free cash in an override scenario would follow the overall budget guidelines of

ensuring that free cash reserves remain at to 3-5% of the overall budget.

- Model expense assumptions - The town is assuming that all existing school and town staff will be rolled over for the coming fiscal year. Additional town staff is proposed to accommodate growing demands for town services. Compensation for existing employees is assumed to grow by 2.5%. The town is additionally adding back deferred capital and road funds from FY21 that were postponed. A 5% increase in spending is expected on the school side for special education mandates.
- Final projections deficit - FY22 presents a fiscal cliff. The deficit will grow to \$8.3 million in FY24. The proposed override will provide financial stability for FY22-FY24. The Task Force is recommending a \$6.4 million override to ensure town and school services.

Questions/Comments and responses regarding the financial model:

- The financial model shows an increase in water and sewer revenue. How does that increased expenditures work if we also expect water and sewer rates to remain stable?
 - The water and sewer staff salaries will go up and the town may have to draw from enterprise fund reserves. An assessment is currently underway by the MWRA to determine if rates should be increased. Conservatively, there will be an increase of 2-2.5% in expenditures.
- In regards to the calibration of the model the town is assuming to provide a "minimal level of service". The staff increases on the town side are minimal. Are the staff increases on the school side proportional if the town overall seeks to provide a "minimal level of service"? Currently there are 36 full time employees proposed when, according to Mr. Epstein's calculations, 14 full time employees would be proportional.
 - Not all proposed school positions are enrollment based educators. They include positions such as math specialists, social workers and team chairs for SPED. Belmont is currently in the bottom 3% of student to teacher ratios and has low per pupil spending. The proposed positions all add value to

Belmont's public education.

- The reasons for a structural deficit has not been addressed. There is a potential for larger overrides in the future because of the continuing town expenses. The town should conduct sensitivity tests with the public in FY24.

The Task Force is recommending the following provisions:

- To unanimously approve Proposition 2.5 for an operating override of \$6.4 million to add as a ballot question for the April 6 Town Election.
- For other town bodies to continue the work to maximize revenues and streamline costs in order to address the structural deficit.
- Promote the work of groups like the Structural Impact Group and Long-Term Capital Budget Planning committee.

Public Comments with responses:

- Ms. Lisa Pargoli asked if the new high school building is included in the override? No, the high school debt exclusion is taxed separately from the override.
- Ms. Pargoli raised concerns regarding salary increases and increased enrollment in the high school.
 - o Increased enrollment for the high school is a result of a wave of enrollment which began in the elementary schools which has made its way to the high school.
- Ms. Nicole Dorn voiced support for all proposed full time school staff, particularly the social worker and team chair positions.
- Ms. Nancy Saris asked what services the town is giving up with the proposed spending cuts?
- Ms. Saris raised support for a staff salary freeze and the hiring of a school social worker and raised concerns for school enrollment residency requirements.
 - o Mr. Phelan responded that the schools have tightened up their school registration

process. They work with the Town Clerk's office to verify residency.

Investigations take place where needed.

- Ms. Stephanie Lui raised questions regarding free cash savings and bond ratings which were taken offline.

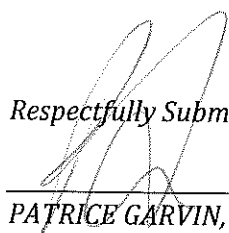
The Task Force will continue to meet and hold public forums to help the public better understand their recommendations.

The Select Board voted unanimously to accept the recommendations presented by the Financial Task Force II.

Other Items Unanticipated by the Chair (none)

Adam Dash moved to adjourn the Select Board meeting, seconded by Tom Caputo. Motion approved unanimously. *The meeting adjourned at 10am.*

Respectfully Submitted,



PATRICE GARVIN, Town Administrator