

Joint Meeting Between the Warrant Committee, Select Board, School Committee,  
and Financial Task Force II

Thursday, February 11, 2021

7:00 PM

Public Forum

**RECEIVED  
TOWN CLERK  
BELMONT, MA**

DATE: May 13, 2021  
TIME: 9:11 AM

**CALL TO ORDER**

Roy Epstein called the Select Board to order.

Tom Caputo called the Task Force II to order.

Laurie Slap called the Warrant Committee to order.

Laurie Slap welcomed everyone to the joint meeting. She announced that attendees should use the Zoom Q & A for questions and comments. Chris Doyle, Vice Chair of Warrant Committee, and Geoff Lubien, Secretary of Warrant Committee, will be monitoring questions and then they will be grouping the questions and answering as many as they can at the end of the presentation.

Laurie Slap presentation: Understanding the Override Decision.

- A Structural Deficit is when recurring expenses are increasing more rapidly than revenues. Prop 2 ½ keeps taxes at same rate increase every year. Difficult for Belmont with limited commercial property.
- Belmont had overrides in 1990, 2001, 2002, 2015.
- The biggest driver of the deficit is school enrollment. Belmont has 1000 more students than in 2007 and 2008. There has been drop in enrollment due to COVID in elementary grades, but the question is how quickly that will recover.
- Belmont has worked towards increasing revenues. Some examples of this include: Cushing Square, Acorn Park developments, retail marijuana dispensaries, federal COVID reimbursement grants and other various grants. There has been ongoing efforts on the expenditure side as well to reduce costs. For example, the health plan reconfiguration saved \$500K. We are trying to restructure to eliminate redundancies.
- Work is ongoing with reconstituted Structural Change Impact Group. They will be holding open forums for residents' feedback. The town website will list the dates of those meetings.
- An deficit of \$5.7M is anticipated in FY22 and further deficits projected into FY23. An additional use of \$2.7M reserves is included in this number.

Tom Caputo presentation: What Happens with and without Override?

- The exercise of budgeting in uncertain times is challenging. Our committee is trying to use the best assumptions but uncertainties still exist. We don't know how much state aid for FY22, we don't know about local revenue. We are sharing the best info we have at the time.
- The 3-year plan from FY22 to 24, requires a \$6.4M override and includes the use of \$4.7M in reserves. The increase in budgeted revenue will allow us to address three acute needs: 1) expanded school funding to address a decade of enrollment growth and K – 12 reconfiguration;

2) help for seniors and students who need support; and, 3) back log of capital repairs and replacements. This type of approach helps us manage debt.

- Many residents have asked about the impact of the override on their tax bill. The average priced house in Belmont would see an \$888 increase in FY22. A range of estimated property tax increases were provided: \$335 for a \$500K assessed value home to \$1005 for a \$1.5 M assessed value home. On the town website there is an interactive program where you can enter the value of your home and see your estimated property tax increase. ([www.belmont-ma.gov/FY22](http://www.belmont-ma.gov/FY22)).
- If override fails, then how do we address budget gap? In FY22 there would be a \$5.7M deficit. And we would need to use one time cash reserve of \$6.6M. We would have to reduce the OPEB payment and reduce departmental costs. There would be cuts of \$3.45M in FY22 and more later.
- What would \$3.45M in cuts look like? If we had to implement 40% cuts in town and 60% cuts in school budget, then there would be 29 fewer positions in town and school department, including elimination of 16 existing positions. If override fails, we will be faced with an even larger deficit in FY23 and if there were no override in later years, then we are looking at additional cuts that could include services that we are used to.

Patrice Garvin presentation: What is Impact to Town Services with and without Override?

- Town Administrator Garvin reported that staffing for the town has been flat for 10 years, yet new mandates of these departments have added costs, i.e., early voting, public record requests, new middle school and high school operating costs. The FY21 budget already required cuts of \$1M that were pushed off.
- If override passes, there are important positions to add. We need to hire a project manager to manage procurement portfolios, two DPW laborers to maintain new fields, playgrounds and walking paths. The town also has a dire need for a building systems manager to get the most out of the town's new and older facilities. This position can tackle the back log of capital projects. The override will add \$500K in discretionary capital to address deferred maintenance and replacement of building equipment. COA would get their own social worker to help at-risk seniors that are even more vulnerable in the COVID environment.
- Garvin said she presented a list of potential budget cuts on Monday to the Select Board. The proposal eliminated the new positions mentioned previously, and in addition would reduce existing head counts. In all, there would be \$1.3M cuts for services.
- Cuts to budget would mean more overtime when emergencies arise in the fire and police departments. The number of police cruisers would have to be reduced. Belmont is currently 10<sup>th</sup> in library circulation, but we would have to reduce library staff. Two laborers in the DPW will be lost. Loss of a building inspector, means additional delays to big developments. If we have to eliminate the facility systems manager, then police and fire station operations would be affected, as well as the new high school and middle school system, and our Climate Action plan would not be able to move forward. If we have to eliminate the procurement manager position, then purchasing under the new state regulations would slow down. The Recreation Department was on its way to being self-funded, but if we reduce funding there it would set back the strides made. Also, the Town Clerk's office will have to shift employees' schedules to accommodate new mandates from the State.

#### Superintendent Phelan presentation: The Impact on School Services

- If the override passes, we will need to address 12 years of increased enrollment and overcrowding in our schools. We will also be able to add incremental staffing in middle/high school. We will be able to continue to address the space problem for the grades 7-12. As we move towards the completion of the new Middle and High School building project, we will have seven distinct schools to accommodate capacity: four primary elementary schools, upper elementary school with grades 5-6, and a brand new high school for grades 9-12.
- If override passes, we help students who need support. We would be able to put Special Ed Specialists in our schools; the level of access to services for our most needy students needs to improve. Student achievement could improve with the addition of math coaches. A dedicated social worker would be added. We are the only school in this area that does not have a social worker. Once we get through the equity audit, we will need a leader to go forward and address the issues raised in that audit.
- If override passes the schools can focus on: equity access, team chairs, special education, director of diversity and equity, and incremental growth into new school configuration. The current classes in the sciences are too large. We will also need administrators for the new 7<sup>th</sup> and 8<sup>th</sup> grades and additional teachers for culturally responsive teaching.
- If override fails, we could lose up to 21 positions, including 11 existing positions. We would also lose non-salary items up to \$418K. School budget would have to be reduced by over \$2M. That would mean reductions to recreation, music, and athletics. Elementary school teachers may need to be reduced so that there would be less reduction to middle/high school. And some staff may have to be laid off to allow us to hire other necessary teaching positions.
- If override fails, there will be a decline in services from Fiscal 21- to Fiscal 23.
- With our added space, we need to grow into the new school configuration. Zoom calls have increased the need for technical expertise. Belmont is already in the lowest 7% of per pupil spending in Mass. Current teachers and staff may have to leave for other districts.
- With consistent revenue we can plan ahead. Before last override, five years ago, we had to assign new students to schools outside their home area. This may have to happen again. This is problematic for friendships and child care. By law we only need to transport grades 4-6 who live more than two miles away; budget reductions would make us resort to minimal transportation services. This would not be ideal and it would inconvenience families.

#### Summary by Tom Caputo

- As Laurie Slap mentioned, the town has invested to address our deficit, but we can't get the structural deficit to go away and therefore, we cannot promise to preserve services. One-time funds and reserve funds are not enough.
- Three acute needs to be addressed: school enrollments, vulnerable populations, and capital investments. Some reserve funds need to be kept as a cushion.
- Without override, we will need to cut \$3.8M in services. Without override, FY22 would see a larger fiscal cliff.

- Caputo thanked all who worked on the dual budget process on an accelerated time line. The Financial Task Force, Select Board, and Warrant Committee have worked tirelessly on the budget issues.
- Laurie Slap announced that there are slides online that people can review on commonly raised questions: 1) Why are we giving raises when budgets are tight? 2) How do property assessments affect my taxes? 3) Free cash policies and guidelines.

#### Questions from residents:

Chris Doyle said that some of the questions have been bundled to save time. We are only highlighting questions, not comments.

- Will there be any changes in size of school administration? Is there an effort to combine joint services, with town, like IT, similar to when facilities was combined a few years ago? Why can't we prioritize adding teachers at lower grades and not expanding administrative jobs?

Superintendent Phelan replied that shared resources and facilities were combined several years ago. Town has two IT Departments for school and town, but they work closely together. The Board of Health works with schools and town jointly, as well. We lean on town services for accounting, purchase orders and procurement, etc. so we do work together. In relation to class size, over last five years, we have added teachers to reduce class size and we have put off hiring other positions that could support teachers and students, like social workers and special education chairs.

- Will teachers and administrative salaries be frozen, and if so why or why not?

Phelan said this year teachers and administrators were given 1% raises even though more was budgeted. This allowed the school budget to save \$300K. The savings has been used to hire .4 FTE nurse and an IT tech support person for this year only.

- Could more detail be given about reductions in FY23 that are being considered?

Caputo said that given the complexity of the dual budget and uncertainty for one more year, specific reductions in FY23 have not been tackled yet. However, he is sure that the cuts will touch most departments in town.

- Doesn't the social worker at COA already exist? Why do we need another one?

Garvin confirmed that there is currently a full-time social worker for town who works half time for Senior Center and there is need for full time social worker at the COA.

- Governor's budget reflects an increase in general state aid so why is there no assumption in our budget for increase to general state aid? Why does budget reflect increase in Chapter 7 but doesn't include increase in general state aid?

Garvin was told that there would be significant cuts in state aid at Town Meeting in June, so in FY21 state aid was reduced in budget and then the state changed it to a level funding. She said it was decided it would be safer to level fund the state aid with slight increase in Chapter 70 for full day kindergarten. Chapter 70 always varies in the final state budget, so it's always best to be conservative with that number.

- What is the exact sum of certified free cash?

Lubien replied that there is \$11.2M of free cash and that \$4.2M is being reserved, due to Warrant Committee reserves guideline. But the majority of free cash will be used to offset budget in a 3-year period.

- Other than override are there any other ways to reduce budget?

Dash said that the town is focusing on revenue enhancement. The Structural Change Impact Committee (SCIG) has been developing areas for revenue enhancement: recently approved cannabis shops, Town Meeting approved projects from McLean zones, and there is another part of the McLean zones that we plan to develop for further revenue enhancement. Even with continued revenue increases, we will not be able to close gap. He announced that the SCIG will be having forums, and launching a web portal and matrix to analyze and report back concrete recommendations to the Select Board by end of the year.

- Why are there educator number discrepancies between Financial Task Force and School Department slides?

Phelan said Tom Caputo and he haven't directly connected. He added that they may be classifying head counts differently. We will make sure we are aligned in our expectations. Laurie Slap said that committees will go over numbers and double check.

- What steps are being taken to streamline expenses?

Lubien said that the last override was in 2015, and before that there were three successful overrides over 17 years. He said the town's goal is to mitigate future overrides.

- How will stimulus dollars be used to manage school budgets?

Phelan reported that Belmont spent \$2.6M of state funds, federal ESSER grant and Cares Act. We have the understanding that there will be more ESSER grants and when those dollars are ensured, we will bring back to the Warrant Committee. Some of these monies need to be spent in two years and will have attachments, and we will need to spend additional COVID funds by end of this year.

- What is the impact of debt exclusion for the high school?

Lubien said that the second tranche will be added to tax bills this year. In 2023, that debt exclusion is already included in tax bills.

- What are we doing with Community Preservation Committee funds for non-essential products? Can we divert money from these funds to address critical needs of town?

Adam Dash (Select Board liaison to CPC) replied that the Community Preservation Act (CPA) is restricted by state law regarding housing. CPA did police station renovations, emergency assistance. work on community path, building of new Underwood pool, and upgrades to playgrounds. Their funds are a separate pot of money that gets voted at Town Meeting separately.

- Have past overrides been paid off?

Overrides are not paid off it becomes a permanent increase to tax levy, it's not like a debt exclusion.

- Could we get more details about library cuts?

Peter Struzziero, library director, reported if there was no override, there would be a loss of \$65K to library. He anticipates a reduction in circulation materials, staffing and digital resources and they may have to cut Sunday services. Currently, Belmont is in the top 5 of Minute Man Library network, and top ten of Commonwealth in circulation. If we are not able continue our partnership with Minute Man network, then our patrons couldn't go into other libraries and we couldn't share resources with other libraries in the network. The library would continue to provide the best services possible, but could not purchase new items.

- If the override doesn't pass, would there be structural changes in order? Would we be laying off staff or not filling anticipated positions?

Garvin said that it would mean eliminating the new positions of full-time social worker, procurement manager, and systems manager. Also, town would have to eliminate one police officer and fire fighter, as well as the two laborers on the DPW.

- Why do non-profits not make pilot payments?

Garvin said they don't make pilot payments, but they contribute in other ways to the town. Belmont Day School and Belmont Hills School has been helping with COVID vaccination plans and McLean members sit on town committees. Belmont Hill has sold properties across the street. Once their status changes we are looking to get pilot payments. Belmont Country club pays property taxes.

- Are reduction areas that you would have to look at in FY23, being considered now?

Laurie said all were considered for FY22. In FY23 if we have to go deeper, then we would have to look at hires differently and cuts may have to be reassessed.

- Regarding in-kind contributions from non-profits, could cash payments be forthcoming rather than just in-kind payments?

Garvin has talked to the Warrant Committee about that. We are working with assessors' office to see how we could maximize pilot payments.

- With budget cuts, would we lose access to Minute Man network?

Struzziero said that Garvin has worked with Kathy Keohane and she brought us within 1% of municipal appropriation requirement. We could probably squeak by, but future cuts would remove us from qualification. If this happened, then other libraries would not have to send materials to our library.

- Can we talk about actual numbers to reductions being considered? If we have to cut police officer, then how much overtime would that affect? Would the minimal fee for cardboard pickup days continue to cover that service?

Garvin is approaching reductions with elimination of positions. Without override, DPW would not be able to pay overtime to staff for cardboard event to continue.

- How does \$6M override in FY22 turn into it \$8M in FY23?

Lubien said the main driver is that if we use the majority of the free cash in FY22, then in FY23 and FY24, we can't cover structural deficit.

- Laurie asked for comments by raising hands for broader discussion.

Paul Roberts thanked everyone for their work. He suggested that to understand the bigger picture, we need to take a step back to look at the total \$130M budget. Not hiring is affecting the big picture. You should believe the people at town telling us why we need the override.

Mary Lewis also to thank the town for all the hard work they put into this process over the last 2 years. She reminded everyone that we have all gone through extraordinary year. If we don't pass the override, we have to decide do we really not want to have services for students and seniors coming out of a year of difficulty?

Iona Brightman asked if there a way to do a general summary of what happened since meeting started? Laurie said there was a very long slide deck. On town website, you can see these powerpoint slides. It's also recorded on Belmont Media.

Dawn MacKerron asked can we get assurances that town resources are not going to be used in support of override?

Phelan said that he has reached out to the Town Clerk for clear guidance. During past override voting she has provided that info and training and we will follow her guidance on the town and school side. There are clear lines of what employees can and can't do.

Bill Trabilcy asked what would have to be reduced in FY23 if override failed? Why can't those cuts be bundled? Why would it hit at \$8M?

Laurie said \$3.5M is needed to be covered in Year 1. But as we get closer to FY23, we decide if we want to go deeper. Each year poses a different question.

Caputo said this is a policy question. If override is not successful, then we have to address a \$5.7M deficit. There is an option to address with \$5.7M of cuts, or another option to address it with incremental use of free cash and \$3.8M cuts. The conversation so far, has led us to believe we have to reduce town and school services, but we need to dip in to reserves to preserve crucial town services.

Jack Weis wants to link Bill and Paul's comment. Budget cuts means personnel cuts and cutting of services. Cutting services impacts life. The hope is to delay that pain, not to accelerate it. We have been living in a Prop 2 ½ environment for 40 years.

Allison Lenk responded to Paul Roberts. She thinks it is important to be transparent about the additional social worker at COA. There is currently one half time social worker, we are not cutting, we are adding new hire. Given that there is \$11 or \$12M in free cash, if there is anytime to use it, this is that time. Everyone says the AAA bond rating is so important, but why is it so important to keep AAA rating when it hurts taxpayers?

Laurie responded that free cash was there because things were frozen in FY21. This was addressed in previous presentations. She said they will rearrange the presentation slides on the website so they are more easily navigable. It was a good thing to have the excess for very well understood reasons.

The AAA rating, follows Warrant Committee guidelines. It is a dire time for many so it's prudent to keep reserves at 3%.

Chris Doyle said the AAA bond rating has concrete limitations for the cost of things. One can document the potential savings. With small upticks in Interest rates, savings can be substantial.

Cosmo Macero asked why the town couldn't go down to 2.5% on reserves. What has happened in the past when you have gone below that level? This year, if you went to 2.5% that would be almost \$1M in free cash and would still stay within the guidelines. Could we stretch limits to offset cuts? Has Belmont's rating been downgraded when we have gone below 2.5%? Or is this just an assumption and best practices?

Laurie said she does not have a quick answer to that.

Epstein said there is a range of views on this subject. Bond rating is not the primary consideration. The plan is to spend free cash in next three years. One reason to stay north of the guide level is the uncertainty. Property tax collections are slow. Over \$2M behind where we thought it would be. What if we can't collect in another year? Meanwhile we have bills to pay and the only way we can pay bills is with free cash. We can't assess factors about state aid ahead of time. To go below our minimum guideline level now would be risky.

Bill Anderson said he believes the bond rating discussion is not being fully presented. If we continue to go back to overrides the bond rating decision makers will look at tax rate with defined population and no ability to develop new property and it could look like 2008. We could lose our bond rating in the future with too many overrides. The most important discussion is not free cash but how we can reduce expenditures. How can you build a sustainable plan and continue to fill 10-12 open positions? It seems the town is looking at only two options, everything you need with override or nothing. Let's not add positions, and freeze open positions, delay hiring, and get budget down more.

Laurie said that \$6.4M was determined based on the forecast of the Select Board. In terms of override, the rating agencies are looking more at planning than tax rate increases and I think our plan is attempting to initiate long term planning.

Nicole Dorn said that we need to make sure that our most vulnerable residents are supported, given the likelihood of cuts to many programs. Some people can pay for services, but other residents cannot. We need to support seniors and students by pooling collective resources with taxes and taking care of the most needy.

#### Further questions from residents:

- It seems every three years we have override. What are the steps we are taking to streamline revenues and reduce expenses?

The committee replied that overrides are not every three years. Before 2015 we didn't have one in 13 years. The town has had four overrides since 1980.



Caputo said we are addressing new ideas to grow revenue and minimize cost with the Structural Change Committee and Long Term Capital Planning Committee. The financial model is a tool that can be used into future years and can help us to keep managing our risks.

Laurie asked if there were any concluding remarks?

- Garvin wants to encourage that anyone with questions about town side cuts, please call her.
- Phelan said that School Department will present budgets so we can have dialog, we want feedback from community to prioritize reductions.

*Warrant Committee adjourned by voice vote.*

*Financial Task Force II adjourned with voice vote.*

*Select Board adjourned with vote (3-0).*

