

- Belmont Warrant Committee Meeting Minutes
- FINAL
- March 11, 2009, 7:30 p.m.
- Chenery Middle School Community Room

- Present: Chair Curtis; Members Allison, Brusch, Callanan, Epstein, Heigham, Libensen, Lynch, Smith, Widmer; BOS Chair Firenze, School Committee Chair Bowe

- BOS Member Jones, BOS Member Leclerc; Town Administrator Younger, Assistant Town Administrator Conti, Town Accountant Hagg

- Members Absent: Hofmann, McLaughlin, Millane, and Paolillo

- The meeting was called to order at 7:35 pm by Chair Curtis.

- Chair Curtis began the meeting by noting the three large targets that remain to be determined: 1) the amount of money saved by a shift in retiree medical costs; 2) how much could be saved by having a town/school wide (union and non-union) wage freeze; and 3) what Belmont's contribution to the retirement system for FY11 will be. The investment picture is dramatically worse. The retirement board will appear before the WC at future meeting.

Continuation of FY10 Budget Discussion

- I. Chair Curtis began with health insurance.

- People who retire from Belmont get a pension (if they qualify) and their health insurance continues. At age 65 they are required to move into Medicare, which results in a cost savings for Belmont. Retirees are treated as active employees with regard to medical benefits. Questions to ask: Can Belmont change the split? How much would be saved by shifting the premium cost from town to retirees? The town presently pays 80% for HMO and 75% PPO. If both contributions were dropped by 10% (70% for HMO and 65% for PPO), \$182K would be saved per 10%. Member Epstein suggested to eliminate the PPO option. Member Widmer agreed that the town should give serious consideration to eliminating the PPO as a retiree option – there is precedent for doing so, he said. This is a minimal sacrifice in the context of the dire problems facing the town, he added. BOS Chair Firenze recalled that the town was required to offer the PPO option. Member Brusch asked (if that is the case), does the town have to offer PPO at the same percent (75%)? Isn't there a minimum percent? Chair Curtis thought that the advice from a few years back was to fund at the same amount as the HMO contribution.

- Chair Firenze said that the Board will consider this recommendation and noted that it was a "touchy" issue. Chair Curtis said that the pain of this budget will be shared across the town. And if we analyze the retiree population, he added, many are young

enough when they retire to keep working and many do. Member Allison added that retiree data exists. A consultant report prepared by the Ricci Group from a few years back looked at retirees using the post-employment medical benefit, age at retirement, etc. Member Heigham suggested the WC find out how many Belmont retirees under age 65 took other jobs with health benefits. Member Libenson summarized the two issues: 1) asking retirees to pay more for medical benefits, and 2) having those who select the PPO option to pay more, which won't impact the core care.

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- Chair Curtis requested that Town Administrator Younger ask Town Counsel the following questions: 1) Is Belmont required to offer PPOs? 2) Can the town have different retiree health deals for over those over age 65 and those under age 65? 3) Can the BOS implement these changes?

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- II - How much could be saved if there was a town/school-wide (union and non-union) wage freeze? Chair Curtis turned to Town Administrator Younger. Mr. Younger summarized data from a handout and concluded that the approximate savings from a town-wide general wage freeze was about \$679K. There was some discussion about the numbers, longevity increases, and the Quinn Bill, etc. Member Brusch volunteered to double-check with HR Director Crimmins.

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- On the school side, SC Chair Bowe also summarized from a handout and said that if wage and step increases were frozen, it would result in about \$1.5M in savings. The school side numbers were also discussed, including a question about pay increases for education advancement. The school savings, added to the \$679K in town-side savings, totals approximately \$2.17M in potential savings. [\$679K town + \$1.5M school = \$2.17M] Chair Curtis noted that two adjustments needed to be made to this number. Non-union town employees had agreed to forego their across-the-board increases last fall; thus \$88K of this savings is already in the budget. The numbers provided by SC Chair Bowe assumed teachers would continue to get longevity increases. If "no increase" means no increase, there would be a further savings of \$80K.

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- Chair Curtis: We are in an environment of shared sacrifice. If the unions don't budge, it may dampen override support from tax payers. A wage freeze is the right and necessary thing to do. The WC discussed aspects of a wage freeze, e.g., a partial freeze (1%), a freeze in exchange for job security, the wage freeze being conditional on all unions freezing, and the freeze's impact on a potential operating override.

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- ***Governor's 9 (c) Cut Discussion - \$273K in FY09***

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- Chair Curtis: The FY09 pain remains. \$273K has been cut. The town saved \$125K towards that, but we still have \$150K further to go, with additional snow removal bills forthcoming. We are presently \$250K over in the snow account, added to the \$150K from the 9 (c) cuts, which totals \$400K. There is about \$90K left in the reserve fund, although the WC expects to get \$100K back from the Kendall insurance fund (temporarily transferred to the Wellington building committee).

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- Member Allison noted that the town cut \$125K toward the \$273K. What has the school side done about their portion of cuts? she asked. SC Bowe replied that when \$150K in new growth money was made available last fall, 100% of that went to the town. There was no split. Chair Curtis asked if free cash should be an option for dealing with the \$400K shortfall, although he noted that this will result in more suffering in FY10. Member Brusch concurred that that is what free cash is for. There are not a lot of other options, she said. Member Allison suggested looking at all the balances in all the revolving accounts. Brusch replied that the School revolving accounts will be at or below \$300K by June 2009. Chair Curtis requested that the education subcommittee look to see if the revolving accounts could be spent down further than \$300K. Where it is fiscally prudent to do so, could we take the revolving accounts down to \$120K? he asked.

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- Member Epstein asked if all non-essential spending had been frozen, e.g. consulting studies? Member Brusch specifically asked about the Comprehensive Master Plan money – has that been spent? Town Accountant Hagg said she will determine what has been spent this year as well as what is budgeted for FY10.

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- Member Callanan said that the WC should discuss how and when should free cash be used. We will face major problems in FY11 and FY12. She wondered if the town would have done something different if it was known that free cash was available. Town Administrator Younger replied that, no, he would not have done anything differently. “I held the hiring freeze and other cuts as a ‘dress rehearsal’ for FY10,” he said.

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FY09 Year-To-Date Operating Statement Update

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- Town Accountant Hagg: Revenues on everything are down (motor vehicle excise, etc.). The only exception is property taxes. Expenses are \$1M more to date than last year. Sewer revenues are \$400K less than last year and water revenues are \$400K less than last year. Other than snow, no other accounts will be overspent. Chair Curtis asked about the possibility of a revenue shortfall, and Hagg replied that she is “cautiously optimistic” that there will not be a revenue shortfall.

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Minutes of 2/25/09 and 3/4/09

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- The minutes of 2/25/09 and 3/4/09 were approved with minor adjustments. There was an abstention on the minutes of 3/4/09.

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Other

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- Chair Curtis asked Member Widmer to give a brief summary of his presentation to the House of Representatives entitled “State Finances: A Large and Growing Crisis.” Member Widmer said that this will be a 4-year fiscal crisis. The state used one-time money, which will need to be replenished with stimulus money. The national economic picture continues to deteriorate and the Governor’s budget is built on revenue

assumptions that may be \$1.5 billion too high. The state faces hugely difficult choices, he said, and massive cuts will be made. Revenues are in free fall: less income tax, less sales tax, less corporate taxes, profits are down, and capital gains is way down. It's a grim fiscal picture, he said.

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- On that note, Member Heigham moved that the WC adjourn at 9:18 pm.

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- Submitted by Lisa Gibalerio

- WC Recording Secretary