

THE MINUTES OF THE WARRANT COMMITTEE MEETING OCTOBER 15, 2003

Handout(s) given out tonight:

1. *Town of Belmont Budget Early Warning FY05*

Members absent: W. Hofmann, M. Widmer, and G. Tillotson

Also present: Selectman Anne Marie Mahoney, Town Administrator Kleckner, Town Accountant Barbara Hagg, Treasurer Susan Kendall Freiner, and School Director of Finance and Administration Dr. Gerry Missal

Vice Chairman White called the meeting to order at 7:36 PM.

Acceptance of Minutes

The Committee discussed and the minutes of the October 1, 2003 meeting.

- *Member Heigham made a motion, Member Hobbs seconded said motion, and the Committee unanimously voted to accept the minutes of October 1, 2003.*
- *Member Stratford abstained from said vote.*

FY05 Budget

Vice Chairman White mentioned a working group representing the Warrant Committee, Board of Selectmen, and School Committee that has been trying to come to a reasonable first pass as to what the FY05 Budget might look like as we currently stand (*Handout 1*).

Town Accountant Hagg reviewed *Handout 1's* assumptions. On Property Taxes, it assumes we will be going to the Prop 2 ½ levy limit. Even though we have not heard from the Assessors on some projections, the working group made some conservative assumptions regarding revenues. The Debt Exclusion is exact. MV Excise is projected to go up another \$100K from FY04. Fees, fines and departmental revenues, at most, would go up 2%, however that is not a big part of the budget.

Free Cash, Town Accountant Hagg anticipates, would be good for FY04, so \$300K is projected for FY05. Chairman Widmer gave some insight on the State Aid assumption earlier to the working group. We are projecting only a 5% decrease this year (it was a 6% decrease in FY04). Vice Chairman White pointed out the total revenue number is an increase of only 1.2%.

Member Heigham asked about the licenses and permits section. If the Northlands issue (the residential part of the McLean deal) goes through, then fees projected would increase. Town Accountant Hagg mentioned neither costs nor revenues were budgeted for the Northlands.

For expenditures, there are no assumptions in salary increases other than steps, and they have considered attrition in their projection. On *Handout 1 Page 3* is the footnote regarding wages for both Town and Schools. For the attrition portion, we have had to increase the health insurance part to pay for the retired employees.

Town Accountant Hagg mentioned “good news” on health insurance. The increase for January 1, 2004 will be only 10%, as opposed to the projected 18%. The 16% increase for FY05 is the increase for the 2nd six months in the fiscal year plus additions in attrition the Town would have to pick up.

The School non-salaries are a straight 5% across the board. Dr. Missal mentioned the in-state circuit breaker law has the State reimburse local school districts for 75% of the costs over a certain base for SPED tuition. If we get nothing from the State, that number would go up to about \$240K to \$250K (absolute worst-case scenario). Dr. Missal is comfortable using the projections by the working group.

Minuteman Vocational is “optimistically” level funded. State Charges are a 2½% increase. Utilities are increased 10%. Outside services, including legal increased 5%. Supplies are up 8%. The Capital Budget Committee requested computers be taken out of capital and into operating. Liability and building insurance increased \$40K. Solid Waste collection is relatively stable for FY05. A decrease is not expected until FY06. Road capital is kept at the \$1.2 million. The Debt includes some interest on temporary borrowing of \$70K, which may be needed. Member Hobbs asked if we are likely to not have that interest expense since we are billing taxes quarterly. Town Accountant Hagg said that short-term borrowing would not be for that issue.

Member Heigham asked how long the teachers were on contract. Member Stratford said they are on contract for FY04, not FY05. The Fire Union has also settled for FY04.

Town Administrator Kleckner received a memo late today from the Assessors, which is not dramatically different than *Handout 1*'s numbers. Under Property Taxes, they project \$400K, not the \$500K projected by Town Accountant Hagg. The Assessors are also projecting \$40K more in the Overlay, creating a net reduction of \$60K from the working group's spreadsheet.

Member Brusch would like it mentioned right up front there is \$0 projected for salary increases. Members Curtis and Schafer wondered if the Warrant Committee should go forward as *Handout 1* as the Committee's preliminary budget and publicize it to the Town mentioning the fact there are no salary increases (only step increases) projected.

Member Callanan is concerned with discussing long-term projects with large price tags at the same time as presenting a budget for FY05 with no salary increases.

The Committee continued to discuss the Handout and the further implications of having such a realistic budget projection.

Member Curtis said there are two intertwined groups to inform: one to the labor unions/employees and one to the Town residents. It is important to point out a 1% increase would create an additional \$340K in deficit.

Member Kobus asked Town Administrator Kleckner if it makes sense to get the projections out there. Town Administrator Kleckner answered it would have some impact with the unions and that they would care. The unions have been very open and understand times are tough. Member Flewelling has found the Town's unions to understand about the overall welfare to the Town.

Selectman Brownsberger said for the meeting on the 27th, we need to go through *Handout 1* and make sure people understand it. And we need to have a conversation about what we are going to do about it regarding the budget process. It will be helpful to have some back and forth. Vice Chairman White suggested we make *Handout 1* "very public" on the 27th. Member Brusch suggested the heads of all the unions be asked to come to this meeting.

Member McCormick suggested we need to be very careful about how you will use these facts here. Member McCormick asked Town Administrator Kleckner's thought process as to how do we educate the people regarding this issue. Town Administrator Kleckner said the judgments we are talking about really are more political than strategic. His feeling is that information is important for everybody. As long as the information is credible and the process is clear, let people understand it for themselves.

Vice Chairman White added that these revenue numbers are a good as a guess as we are going to have for quite a while. We are going to spend a lot of time with the expense side, but he does not expect the revenue side to change in the next few months.

Member Oates asked if any town has proposed a flat salary, no raise situation for a year at a time when contract negotiations have come up? There have been times when companies need to "bite the bullet and regroup" for some time.

Member Brusch pointed out the unions have been extremely helpful in all the overrides, including monetarily, promoting the overrides.

Vice Chairman White asked the viability of an override for FY05. Member Flewelling thinks it will be very difficult to sell both the fire stations and the override at the same time. Member Callanan said Precinct 7 is saying similar things. She is concerned with having both requests going on at the same time. She does not want to risk the fire stations with having an override. Vice Chairman White summed up the consensus that having both an operating override and the fire station vote would not work.

The Committee discussed more ideas regarding the possibility of having an operating override. Member Stratford asked if there was some way to structure the override to handle more than one year, so we do not fall behind in the upcoming years. The deficit is a problem we will have for quite a while.

Member McCormick recommended we have a one page executive summary that would go with this document, and maybe talk about how the assumptions were made. That may make the point even better. Member Schafer said the first thing on the list should be what our objective is in coming up with this projection, and then we can list out what were our assumptions.

Member Callanan would like the good news out there first on the executive summary. For example, the streets and roads – people are not aware of the amount of money that has been spent, both locally and federally. The money that is being spent is being thought through.

The Committee discussed what message they are trying to tell the residents. Is this projection doom and gloom or is it good news? Town Accountant Hagg offered to show the projected \$385K deficit, and then list the deficit amounts with a 1%, 2%, and 3% salary increase included. Member Schafer thinks this \$385K deficit is a much more realistic amount than in the past. This is an informational document, not a policy decision. Selectman Brownsberger said this is a pro-forma analysis, assuming a level policy analysis with no changes from this year.

Member Heigham expressed his appreciation to the working group for the pro-forma analysis.

Other

Member Flewelling made a motion, and it voted unanimously to adjourn the meeting at 9:14 PM.

Respectfully submitted,

Kristina E. Frizzell

Recording Clerk