

MINUTES
BOARD OF SELECTMEN
MONDAY, OCTOBER 30, 2006
REGULAR SESSION
SELECTMEN'S MEETING ROOM, TOWN HALL
6:00PM

A special meeting of the Board was called to order in open session at 7:04 PM in the Community Room of the Chenery Middle School. Chairman Solomon and Selectman Brownsberger were present. (Selectman Firenze joined the meeting at 7:18 PM.) Town Administrator Tom Younger and Assistant Town Administrator Jeff Conti were also present. The Board met in joint session with the Warrant Committee, School Committee, and Capital Budget Committee as the "Structural Group". The purpose of the group is to look at ways to make Town government more efficient and less costly.

The Group heard presentations from each of its subgroups.

Health Insurance (Phil Curtis): This subgroup has prepared a multi-year scenario projecting costs for a partially self-funded health insurance option compared to the current plan. This idea is ready to be moved from the Structural Group process onto a faster track. The Town needs to hear from other communities about their experience with self-funding as well as more information about Belmont's previous experience with it. The scenario shows that a self-funded option is likely to be significantly and consistently less expensive even as real costs rise for both options over time.

Mr. Curtis said the reasons some communities get in trouble with self-insured options are bad provider contracts, failure to develop a reserve fund, and simple bad luck. Self-funding will not work unless the Town develops and maintains a reserve fund for incurred claims.

Regionalization (Mark Paolillo): A meeting was held with the Metropolitan Area Planning Council (MAPC) and a follow-up meeting was held with MAPC and Lexington's Town Manager. Arlington has also expressed interest in meeting and a meeting has been scheduled with Woburn. The next step is to develop a list of potential shared town services and activities to focus on. MAPC will contact other communities to see if there are a few other communities interested in forming a consortium of 5-7 members.

Outsourcing (Lynne Doblin): The subgroup reviewed current outsourcing practices by the Town and schools. Both are already making significant efforts in this area. Very few towns comparable to Belmont are outsourcing more services overall, but some are outsourcing particular services that Belmont does not: landscaping, fleet maintenance, school food service, and animal control among others. The barriers to outsourcing seem to be more political than legal or regulatory. The subgroup has prepared a model of the lifetime cost to the Town of a 20 hour per week employee. The subgroup is also asking every department to identify at least one service to be analyzed for potential outsourcing.

The subgroup will then recommend a list of potentially advantageous services, identify types of investment required, and draft templates for RFP's and contracts.

Waste Management (Robie White): There was discussion about the need for a subgroup that can focus just on the transfer station issue, because the Solid Waste and Recycling Committee have a much broader focus.

School/Town Consolidation: has not met since last Structural Group meeting.

New Sources of Revenue (Jim Heigham): This subgroup has concentrated on fees charged by Town departments. The subgroup has received written reports from most departments. Based on the information received, the Fire Department, Community Development, and DPW may have opportunities to charge additional fees. The Town Clerk and the Health Department have already increased fees. State statute mostly limits the extent to which fees can be increased, which in turn limits the potential for increased revenue. The Cemetery Division may be able to be self-sustaining in 6-10 years based on lot sales. Other areas to be looked at include rental of town building spaces, PILOT's, and parking fines. The subgroup will also look in depth at the complex problem of the sustainability of the Recreation Department.

Energy/Resources Savings (Jenny Fallon): The subgroup is recommending adoption by the Board of Selectmen and the School Committee of a formal policy on energy conservation which the subgroup has drafted along with recommendations for implementation if and when the policy is adopted. This would involve gathering data and then creating operational guidelines and procedures including energy usage guidelines, publication of usage information, education and promotion of conservation, and demand time management.

Systems & Process Efficiencies (Tom Younger): The Town is experimenting with zero-based budgeting using the DPW and Council on Aging as test departments.

Core Activities (Angelo Firenze): This group has not been able to meet yet.

Discussion:

Health Insurance: Jennifer Fallon asked what internal structure might be needed to oversee the self insurance. Phil said the subgroup has discussed this and feels that consulting services can help with appeals and wellness initiatives to keep costs down. There was discussion of what Harvard Pilgrim does with the extra \$2 million Belmont is paying them that isn't covering claims, administration, or stop-loss. This remains unclear but it may represent their reserve in assuming the risk.

Liz Allison said the risk for a small population is supposed to be higher and that doesn't seem to match up with the other data. Mr. Curtis said that the consultants the subgroup talked to agreed that the Town is big enough to spread out its risk enough that self-insurance is feasible. He said in the past it appears the Town had a bad contract that only

self-insured the PPO – a small group with the highest claims. Mr. Younger added that the Town didn't adequately fund the reserve and it was an easy target for budget cuts.

Pat Brusch asked if the Harvard Pilgrim claims administration will be as aggressive in determining what charges to allow if Harvard Pilgrim is not paying them. Mr. Curtis said the majority of claims are non-controversial and Massachusetts has very liberal laws which require that most expenses be covered anyway.

Outsourcing: Mr. Curtis asked about outsourcing building maintenance. Ms. Doblin said Belmont does partially outsource this function but some towns do more, especially where town and school building maintenance have been consolidated. There was discussion about whether, if a function is newly outsourced, current employees would be allowed to submit a bid to provide the services, or would be absorbed by the contracting firm at current salaries. *(Note: After the meeting, it was determined by Town Counsel that the Pacheco law requiring that current employees be allowed to bid on outsourced contracts does not apply to municipalities.)*

Revenue: Mr. Curtis asked if the analysis of whether fees charged are covering the cost of services could include the overhead cost of paying the employees to provide the services. It was agreed this should be looked at.

Selectman Firenze pointed out that if we can determine the cost of each system and process, it will inform the discussion of whether to outsource or regionalize them, or if they're not core services, eliminate them.

The next meeting of the Group will be in December to determine what initiatives will go forward for FY08. Mr. Paolillo suggested focusing that meeting more on Health Insurance and Outsourcing as two areas that could really impact the FY08 budget. The next meeting is tentatively scheduled for Wednesday, December 13.

The Board adjourned at 8:52 PM.

Thomas G. Younger
Town Administrator