

**THE MINUTES
OF THE
WARRANT COMMITTEE MEETING
November 13, 2002**

Chairman Widmer called the meeting to order at 7:38 PM.

Members absent: P. Brusch and W. Hofmann

Also present: Town Administrator Melvin Kleckner, Assistant Town Administrator Joyce Munro, Selectman Anne Marie Mahoney, Selectman Paul Solomon, Town Accountant Barbara Hagg, Town Treasurer Susan Kendall Freiner, the Retirement Board, and Town Residents Sarah Freiburg-Ellison and Virginia Jordan (both Precinct 6)

Handout(s) given tonight:

- (1) Belmont Massachusetts Contributory Retirement System FY03 Budget
- (2) Retirement Law 32§22 (iv)
- (3) Fax cover sheet and 3 funding schedules based on 21-, 22- and 23-year amortization of the unfunded liability (4 pages in total)
- (4) Belmont Contributory Retirement System Performance Summary as of June 30, 2002
- (5) Quarterly Operating Statement for the period ending September 30, 2002
- (6) Wellington Brook Grate Reserve Fund Transfer request
- (7) Subcommittee Report on Town-owned Vehicles
- (8) Town of Arlington Article regarding Vehicles
- (9) October 30, 2002 Boston Globe article "Framingham Selectmen vote to slash town-owned car use"

Retirement Funding Discussion with the Retirement Board

Chairman Widmer reviewed with the Committee a summary of the Retirement Board Meeting from this morning. Mr. Sacco of the Retirement Board introduced Doug Moseley of New England Pension Consultants, the pension consultant for the Retirement Board. He informed the Committee the fund has earned an average of 9% per year. The Fund is currently \$39.9 million as of October 31, 2002.

Chairman Widmer introduced David Driscoll of Buck Consulting to discuss the funding schedule for the Fund. He noted PERAC says a valuation must be made periodically of the Retirement System done, and one was done as of January 1, 2002. There have since been number of changes: a new set of actuarial assumptions made to local Retirement Boards, a lowered assumed rate of return from 8.5% to 8.25% per year, along with new demographic assumptions. After running the evaluation initially, the Town was in any case going to look at significantly higher appropriations in future years. The major culprit is that the returns on the Systems funds have been well below the assumed 8.5% return. One option is to lengthen the unfunded liability as far a 2028 (currently 2014).

Another thing the Town can do is to use a smoothing method for the valuation of the assets. Smooth Asset Valuation involves looking at the deviations of the fund's return over the past 5 years. The consensus has emerged by the Retirement Board to use the 23-year funding schedule (*See Handout 3*). This will create an 11-year extension (to 2025), a 10% increase in the FY04 budget, and a 6% increase needed for the FY05 budget (and 4.6% increase per year thereafter).

Member Curtis pointed out a few larger payments totaling \$13.5 million as a “tail end charge” for the Town. It seems the Town is forcing future generations to pay for those balloon costs. Chairman Widmer noted the \$200K savings each year can buy some yearly salaries of teachers, firefighters, etc. Chairman Widmer noted what drives this issue is the unfunded liability. The question is what is the pace that the Town would fund it.

Mr. Wellman of the Retirement Board said this does not mean that the Town is locked into this until 2024. The issue can be revisited at a later time.

Mr. Sacco affirmed the Warrant Committee this is a very conservative Retirement Board.

Member White asked what the fixed-equity ratio is for the Fund. Mr. Moseley noted the fixed-equity ratio is 55% equity and 45% fixed.

Budget Projections

Member White informed the Committee that Town Accountant Hagg and Assistant Town Administrator Munro and himself are meeting on Friday to go through the budget projections and make sure what the assumptions are. At this time, there is nothing new to report.

Town Accountant Hagg gave the Committee the Quarterly Operating Statement (*Handout 5*). This will be reviewed on Friday's budget meeting. Chairman Widmer informed new members the current tracking of revenues and expenditures has not been done well in the past. This Statement done by Town Accountant Hagg reflects a timely financial position. Member White expressed his interest in having a quarterly budget breakdown as well.

Member Curtis asked about School Fringe Benefits already being 104% of budget. Town Accountant Hagg noted she over-transferred out of that account, but it will be adjusted shortly.

Reserve Fund Transfer Request

Mr. Kleckner gave some background on the Wellington Brook Grate Reserve Fund Transfer request. The grate is there for public safety, but the design of it can collect debris and incur serious flooding quickly causing much damage to homes. This issue has been on the Town's Capital Budget Committee list, but last year the Capital Budget Committee passed on it due to other circumstances. Mr. Kleckner noted this is a wise

capital investment for the Town. He pointed out the Town needs to demonstrate to the State putting forward the \$25K.

Member Flewelling asked if it is funded about the Reserve Fund, could the reimbursement be put back into the Reserve Fund? Town Accountant Hagg noted the only money transferred out of the Reserve Fund is \$51.5K.

- *Member Heigham made a motion, Member Oates seconded said motion and it was voted unanimously to transfer \$51,500 from the Reserve Fund to the Wellington Brook Grate Project.*

Cost Cutting Initiatives

Town Owned Vehicles

Member Oates and Member Hofmann interviewed each department head last summer. Member Oates handed out copies of their Subcommittee Report (*Handout 7*) and reviewed their findings, (i.e., comments from non-Town employees pertaining to logos). Also, policies varied per department. There needs to be a policy pertaining to a first responder of a maximum distance to be away from Belmont or else being a first responder will not work. They had found municipal cars with “blue plates” that no one knew who it belongs to. Who really should have a car? A higher-end vehicle is not necessary if a lower-end vehicle will do.

Member Oates also passed out an example Article from Arlington_s Town Meeting (*Handout 8*). She made several hypothetical questions and possible suggestions regarding her meetings with the department heads. The insurance suggestions will come from Member Hofmann at a later date. She also passed out an article from the Boston Globe dated October 30th regarding “Framingham Selectmen voting to slash town-owned car use” (*Handout 9*).

Member Curtis would like to focus on the bigger ticket items and these vehicles are those kind of items. He thanked Member Oates for the great initiative and encouraged the Town Administrator to explore these items in greater detail.

Member White asked how many cars in aggregate does the Town own. Member Oates answered around 100 including trucks, cars, backhoes, etc.

Mr. Kleckner said he and the Board of Selectmen are quite serious in reviewing this report and Town policies. There are certainly a lot of policy issues raised that will need to be addressed as well as instances of abuse that will be also addressed.

Selectman Brownsberger_s hesitation about this line of approach is that, in effect, this is part of the department head_s relationship with the Town. If this is taken away with them, then that may not be the best way to manage. Selectman Brownsberger noted the Board of Selectmen would certainly take a look at this issue further.

Member White does not think the issue is “who” is using a vehicle. The issue is “how many” vehicles. Member Tillotson also asked from perception standpoint about the fuel pumps and the costs of fuel and maintaining them.

Member Oates will get an updated Fleet Listing from Assistant Town Administrator Munro and will delve further into car costs and maintenance.

Chairman Widmer would like to discuss this again after the Board of Selectmen have had a chance to review this and after the fleet costs are determined.

Branch Libraries

Member Hobbs reviewed the monetary aspects of keeping the Library branches open versus closing them. Utilities are roughly \$8K if open, but only \$2K if closed. Materials (periodicals and books) are \$6,500 per branch. If closed, the Town would save \$6,500 by way of duplication according to the Librarian. Personnel costs are \$44K. If the Town closes the branches and did not move the librarians to the main library, there would be a reduced service level of \$44K plus benefits. Capital costs are really not anticipated if kept open. If closed, it has been estimated by a real estate person of \$50K-\$100K to rehab. The realtor noted the best use would be a day care or a private school. Town Meeting would then need to vote to lease/sell the property and may even be a zoning issue if used differently. Also, if the property was sold/leased to a non-profit, then the Town would not receive tax revenues.

Member McCormick introduced two citizens: Sarah Freiburg-Ellison and Virginia Jordan. Both residents spoke a few minutes on the benefits of keeping the branches open.

Member Flewelling noted there are real problems with parking and zoning with the Benton site.

Selectman Solomon asked Member Hobbs what could the Town save if the branches are closed. Member Hobbs noted there would be a personnel savings of \$44K, altogether \$56K with utility and materials savings.

Selectman Brownsberger said we should think of the savings as being around \$75K because that would include fringe benefits. This is a significant cost, and it should be thought of as a cost of providing that service. Ms. Ellison spoke again on the necessity of the branches, and Selectman Brownsberger informed everyone this will be a topic at the Monday, December 2nd Board of Selectmen meeting.

Selectman Brownsberger feels the question of the library replacement has not been adequately addressed. The feeling is the presentation the library advocates has made so far has not justified the cost of a new building. It has been based on fairly rote computations based on state standards which were not convincing and did not motivate reconstruction. He would like the proponents of the library to come up with a vision for

the library both short and long term. He will be going to the Board of Trustees next meeting to convey this message.

Member Schafer has been troubled by what is going on here, and she is having trouble pinpointing what is bothering her. She is not sure who should be making the decision to close the branches: the Board of Selectmen or the Library Trustees. The next year the Warrant Committee will be looking at “real cuts” and in the past, the Town tended to allow department heads to decide where cuts need to be made. She is concerned why the Library has been focused on, specifically cutting the branches. Why have we seized on the Library to be the focus of attention? Member Schafer admitted though she was among the group who included the libraries on the cost-savings listing initially.

Selectman Brownsberger pointed out that argument could be made on any of the things on the Cost-cutting Initiatives List.

Chairman Widmer noted that almost all of the initiatives involve going across departments, only two involve specific departments of Library Branches and Police Staffing.

Member Hobbs agreed with Member Schafer and does not think this is the Warrant Committee's position to make a decision about closing branches. It is in the Warrant Committee's area to find the costs relating to closing or keeping open, but it is not the Warrant Committee's job to make that decision.

Selectman Solomon agreed this might be the Library Trustees decision to make.

Member Heigham asked if the branches were closed, would the Town have the building's responsibility or the Library Trustees. Member Tillotson does not think the Library could absorb the costs of a building not in use for very long. The Committee questioned if whether the Trustees could decide to close down on Saturdays instead, if that is in the Trustee's authority. Town Accountant Hagg will look further into this issue.

Member Flewelling asked what the Town's expected shortfall would be for FY04. Selectman Brownsberger answered roughly \$2 million. Labor cost growth rates (including health care) need to be brought in line with the revenue growth rates. Member Flewelling asked what percentage is the \$2 million of the total budget. Chairman Widmer said it's about 2/70 (about 2.8%). Member Flewelling then recommended the departments be asked to cut that percentage from this year's budget.

Member Hobbs then gave the patron traffic for the Benton Branch Library.

Member McCormick spoke passionately about keeping the branches open even during a tough budget time. It's a matter of keeping Belmont a neighborhood community, and not causing divisions or conflict within the Town.

Health Insurance Update

Mr. Kleckner said a proposal was generated by all the Town unions for the Town to adopt a Coalition Bargaining statute changing how the Town would negotiate health insurance. The Board of Selectmen did reject the proposal, but a week from Monday all the unions have been invited to bargain with the Town. There will be a strategy session next week in which Member Curtis will attend on behalf of the Warrant Committee.

Chairman Widmer asked how the health insurance issues are connected with bargaining over other things. Mr. Kleckner noted this will be kept separate from other bargaining issues.

Acceptance of Minutes

The Committee discussed and the minutes of the October 9th and 23rd meetings.

- *Member Flewelling made a motion, Member Heigham seconded said motion, and it was unanimously voted to accept the minutes of October 9, 2002.*
- *Member Heigham made a motion, Member Flewelling seconded said motion, and it was unanimously voted to accept the minutes of October 23, 2002.*

Member Flewelling made a motion, and it was unanimously voted to adjourn the meeting at 9:30 PM.

Respectfully submitted,

Kristina E. Frizzell
Recording Clerk