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**MINUTES
TOWN OF BELMONT
BOARD OF SELECTMEN-FINANCIAL TASK FORCE
Precinct Informational Meeting
BEECH STREET MEETING ROOM
Friday, March 20, 2015
3:15 PM**

CALL TO ORDER

A Precinct Meeting of the Board was called to order in open session at 3:15 p.m. by Chair Rojas at the Beech Street Center. Selectmen Baghdady and Paolillo were present. Town Administrator David Kale was present and Superintendent Phelan was also present.

Selectman Paolillo, as Chair of the Financial Task Force (FTF) called the meeting to order at 3:15 p.m. He reviewed the members of the FTF and thanked them for their work on the FTF.

Financial Task Force Executive Summary

The working groups were made up of the following: Education, Revenue Opportunities, Capital Projects, Town Government, and Financial Projections. FTF Chair Paolillo reviewed the goals and objectives of the FTF.

Education

Mr. Kale noted that the Education working group's findings will be discussed when the School Department budget is presented.

Revenue Opportunities

Mr. Kale reviewed the members of this working group and summarized the key Revenue Opportunity findings and recommendations.

- Create a consolidated fee schedule
- PILOT programs – are being pursued and will continue to be pursued
- Cellular Antennas – Belmont is currently getting revenue
- Parking fee changes – will result in \$50K of additional revenue (to cover current expenses), and a Parking Management Plan for Belmont Center will be implemented
- Maximize and combine revenue opportunities for the Recreation assets (e.g., the town pools, rink)
- Sell town-owned land (Woodfall Road, Pleasant, Mill, and Orchard Streets)
- Hire a Recreational Manager to manage town and school programs, facilities, and fields

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Capital Projects

Ms. Mahoney summarized the Capital Projects key findings. The focus, she said, was two-fold: to analyze the annual capital budget (pay-as-you-go), and to assess the outstanding building needs.

She reviewed the funding of the annual capital budget, noting that it needs to be increased to \$3M. The current allocation of \$1M is insufficient to fund the yearly requests.

Ms. Mahoney reviewed the capital projects that have been addressed, Fire Stations, the Senior Center, Wellington School, Harris Field Complex, etc. Projects that are currently in process include the Underwood pool, the Belmont Light Substation, Trapelo Road, Belmont Center Reconstruction, etc.

Capital projects (which require a viable location and funding) that still need to be addressed:

1. BHS - \$70M – the location is identified, the expense is huge, and the MSBA process is hard to predict
2. Incinerator site - \$2M for athletic field or other uses
3. DPW - \$28M – extreme need, site identified
4. Library - \$18M – the timing of the state grant funding is unclear, location is not solid
5. Police Station - \$20M, location is unclear

She noted that recommendations include increased funding for roadway improvements, sidewalk repairs, and increased funding to the Capital Budget. She explained the bonding process.

Town Government

Mr. Kale summarized the Town Government working group's key findings. Recommendations include establishing an incentive bonus pool for department heads to reward them for innovative and cost saving ideas, continuing to explore regionalization/collaboration with other communities, sharing innovative ideas with other communities, and working more closely with state legislatures to lobby for state-level changes in health care, OPEB.

Overall, the town is efficiently run; yet town services have been diminishing over time.

Financial Projections

Mr. Kale stated that this group not only developed a financial projection model but also included the findings of the other FTF working groups into the model. He noted that the group worked with a large number of key personnel across town in creating the model and the projections.

He noted that 80% of the budget comes from property taxes. He then raised the issue of the FY16 school budget deficit: \$500,000. He reviewed that the SPED circuit breaker funds, LABBB credits, and revolving funds, noting that these accounts are depleted as funding has been

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DATE: _____

applied to the budget.

He reviewed the projected *cumulative* shortfalls for the overall Town budget – over \$7M by FY19. He noted that the FTF would like to see more money infused into the Capital Budget: \$1M financed over six years. He reviewed additions to the school staffing to handle increased enrollment. Regarding new growth from property taxes, he noted that \$475K is currently projected.

Recommendations include:

1. Utilize the FY15-19 model for budget projections as a framework for future budget planning
2. Implement the Revenue Working Group's recommendations whenever possible
3. Request that the Board of Selectmen consider placing a \$4.5M operating override on the April 2015 ballot (not \$7.7M as this would place too high a burden on the tax payer)

The operating override recommendation is \$4.5M. The plan is to extend the length of the resources out over more than two years through an override stabilization fund.

Chair Paolillo noted that the FTF will continue to meet. He stated that the override request is a fiscally prudent measure for the town to take.

Budget Review

Town

Mr. Kale reviewed the highlights of the FY16 budget process, noting that it is collaborative in nature and has been underway for several months.

FY16 expenditures by function were reviewed. The largest portion of the budget is for the schools; it constitutes almost 50% of the whole budget. He reviewed the other categories: public safety, pensions, healthcare, public service, general government, etc. Almost 70% of the budget is spent on salaries. He reviewed the non-salary categories as well: capital, supplies, etc.

Property taxes are the biggest portion of the town's revenue – 80%. He reviewed other areas that contribute to the town's revenue picture: state aid, building permits, other taxes, free cash, ambulance receipts.

The total submitted FY16 budget is \$96,981,000. This is an increase of 1.8% and is a budget balanced to the currently projected available revenue. The total school budget is \$47,457,000 and the total town budget is \$32,957,847.

Mr. Kale then reviewed the town's fixed costs as well as the use of reserves to balance the budget. He explained how the numbers are achieved.

Mr. Kale reviewed program priorities if more funding become available: capital needs and

pavement management. The Superintendent will address the need for additional staff for the School Department to address the rising enrollment.

Concerning next steps, updates will be received from the Governor's budget. He explained the State budget process. The Financial Task Force recommendations were a part of the budget development.

School

Superintendent Phelan began by thanking the Board of Selectmen, the Warrant Committee, and the School Committee. He acknowledged the work of the Financial Task Force. He reviewed the eight modeling groups that the School Department developed and noted that those findings dovetailed into the FTF recommendations.

Mr. Phelan highlighted the strategic goals and the budget goals: maintain staffing levels that are commensurate to increased enrollment, maintaining the Level 1 distinction, maintaining high quality instruction, and continuing with professional development.

Challenges are due to increasing enrollment, which impacts instruction as well as the social/emotional needs of the children. Mr. Phelan then reviewed the current (FY15) fiscal deficit: \$500,000.

He reviewed the enrollment numbers and stated that, by 2019, it is expected that there will be 725 additional students in the system since 2009. He explained this data came from NESDEC Plus 30 Index. Many of these new students are ELL students (English Language Learners). It is mandated that these students receive ELL services/instruction. Out-of-district placements for SPED students are another cost driver as 97 students are costing the system an average of \$65K a year for tuition.

Mr. Phelan noted the cost-saving measures that have been taken to address the current \$500K deficit, including budget freezes, use of LABBB credits, state circuit breaker funds. All one-time funds have been exhausted.

Mr. Phelan outlined efficiency and collaboration efforts as well as per-pupil costs. Belmont spends twelve percent less on per-pupil costs than the state average (\$1,772 less per pupil than the state average).

Mr. Phelan stated that he fully supports the FTF recommendation's concerning the budget deficit drivers, increased enrollment, and space needs. A three-year plan was developed which includes additional staff to address the burgeoning enrollment and to allow for more educational engagement at the middle school and high school.

Mr. Phelan reviewed that the class sizes are increasing across the district. He reviewed the specific details of the staffing needs, noting that many of the staff additions are to provide state mandated services (ELL, for example). He noted the need to fill "free periods," and to add a guidance counselor at the middle school.

He noted that, while he fully supports the FTF's budget recommendation, he will review the available revenue budget (i.e., the non-override budget). Concerning available revenue, the first priority is to pay the current bills, some of which resulted from the hiring of mandated ELL teachers, from transportation costs, and from contractual obligations. The identified FY16 shortfall is \$1.7M.

Mr. Phelan then reviewed a long list of staffing reductions that would need to happen, across the district, given the \$1.7M shortfall projected for FY16. He reviewed a list of non-salary reductions as well, including materials, supplies, and professional development. Meanwhile, there will likely be an increase in fees for activities and services paid by family for students enrolled such as music, clubs, athletics, bus, lunches as well as an increase in rental fees for use of facilities.

In conclusion, Mr. Phelan reviewed some of the "student impacts" of these reductions. He noted that the School Department fully supports the \$4.5M infusion of funds that will be added to the Town budget if the override is successful.

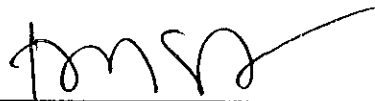
Override Discussion

Chair Rojas reviewed the planned uses, year by year, of the override funds. He noted that the money will fund seven teachers in year one as well as provide funding for roads, sidewalks, and capital needs. He stated that the funding is likely to last for three years.

Comments/Questions

Comments and questions were received by a few individuals after the presentations.

The Board moved to adjourn the meeting at 5:10 p.m.



Mr. David Kale, Town Administrator