

THE MINUTES OF THE WARRANT COMMITTEE MEETING April 3, 2002

Chairman Brusch called the meeting to order at 7:40 PM.

Members absent: M. Clark, W. Flewelling, and W. Hofmann

Also present: State Representative Anne Paulsen, Town Administrator Melvin Kleckner, Assistant to the Town Administrator Joyce Munro, Director of Finance and Administration Dr. Gerry Missal, Treasurer Susan Kendall Freiner, Capital Budget Committee Member Scott Stratford, Town Meeting Member Jim Fitzgerald, Selectman Anne Marie Mahoney and Selectman Paul Solomon

State Representative Anne Paulsen

State Representative Anne Paulsen spoke about the Local Aid Committee comprised of 20 Democrats and Republicans whose goals include finding ways for Town's to deal with Proposition 2½ limits and dealing with offsetting cuts of Local Aid to communities, namely Belmont. Ms. Paulsen offered some possibilities for Belmont: adjusting excise tax to \$30 per thousand, using the overlay account, and allowing local sales tax to some communities (has died away though). The Local Aid Committee is also discussing early retirement for State employees, keeping Chapter 70 whole, and delaying Charter School expansions (will save about \$21 million). A question before the Local Aid Committee is whether to extend school construction projects short-term borrowing to 7 years instead of 5 years. Other goals of the Local Aid Committee are: relieving communities about some of the regulations of DEP, and working with sewer relief program from MWRA for sewer work in local communities.

Ms. Paulsen discussed items that will specifically matter to Belmont: increasing excise tax and exempting the overlay for the Town of Belmont. State Representative Paulsen went through the process of a typical town collecting tax money: · Example: \$10 collected for taxes - \$9 to community, \$1 kept aside by Assessors for abatements/exemptions

One option the Local Aid Committee suggests is to allow taxes to go up in a year to offset the overlay in order to use it for services. Overlay is \$700K per year according to Assessors; excise tax portion is \$200K per Ms. Paulsen's discussion with the Assessors. If the Town decided to exempt the overlay, then they would collect \$11 for taxes, \$10 for town services and \$1 for abatements/exemptions

The State Legislature will need a ? vote in order to override Governor's veto. The Local Aid Committee would like to have the budget enhancements at local option in order to avoid having the Legislature be the one to raise taxes.

State Representative Paulsen passed out a graph of FY01-FY02 Monthly Tax Revenue collections from the House Committee on Ways and Means. A copy is on file with the Clerk. Ms. Paulsen stated the main issue is whether the Senate, House and the Governor

are willing to allow taxes to be raised. There is discussion in the Local Aid Committee of using the capital gains tax and raising it onto earned income. Another suggestion of the Local Aid Committee is to cut the benefits regarding lottery, postponing payment to the pension fund, and start again next year. A House budget (with no tax increases) will be published around April 25th. The House, Senate and Administration have been unable to agree on a Revenue Forecast. Member McCormick asked the shortfall expected in June. State Representative Paulsen informed the Committee the State budget shortfall would be \$1.8 billion in revenues, with Member Widmer offering the overall budget shortfall will be between \$500-\$800 million. Mr. Kleckner informed State Representative Paulsen that a 10% cut in Local Aid would be \$450K reduction for the Town of Belmont. Additional Assistance will be examined further by the State next year.

The Retirement bill was briefly discussed with Ms. Paulsen and the Committee. Chairman Brusch noted the Town's main concern is the increase in health insurance for both the Town and Schools in order to subsidize both new employees and the retired employees with health insurance.

Discussion of Financial Management Bylaw (previously distributed at the 3/27 meeting)

Selectman Brownsberger discussed the proposed Article 18 in the Annual Town Meeting Warrant and gave a history of how it got on the Warrant. The goal of this bylaw is to strengthen role of Town Accountant. Selectman Brownsberger went through each paragraph of the proposed bylaw citing actual examples of what the Board of Selectmen are requiring of the Town Accountant. He stated this is not to create a barrier between Treasurers, Assessors and Town Accountant, but to bring together all of the functions. Selectman Brownsberger noted it is appropriate to have a job description in the bylaws.

Member Morley asked Selectman Brownsberger what if Town Meeting says they do not want to formalize this as a bylaw, would it prohibit the Board of Selectmen from asking the Town Accountant to provide all these things? Selectman Brownsberger answered that it would not prohibit it, but it would be good to see these duties in concrete. This does not move the Town into a Chief Financial Officer position, which involves consolidations of Treasurer's and Assessor's Offices.

The Committee asked Selectman Brownsberger questions regarding the difference of job description of the Town Accountant versus situating a description in the Town Bylaws. Selectman Brownsberger noted the job description strengthens the ability to receive projections of current revenues/expenditures and free cash, run rates and analysis of the financial condition of the Town.

Member Widmer noted that having the tools in 4A2.1 and 4A2.2 will add great value for the Town. Member McCormick wondered why the Board of Selectmen does not have this as a requirement already and questioned why is this needed as a bylaw. Selectman Brownsberger responded what will be gained for the Town is: a commitment have these things accomplished, and the support of the Warrant Committee with the Board of Selectmen agreeing this should be done.

Chairman Brusch requested for Bond Counsel to review this proposed bylaw. Member Oates questioned (1) if this was commonly done in other Towns, and (2) how would

other Departments respond to having job descriptions located in bylaws. Selectman Brownsberger responded that major positions of i.e., Board of Selectmen and Warrant Committee, are already in the Town's Bylaws. Treasurer Freiner stated she does not see much value added with this proposed bylaw. Member Curtis noted the bylaw might not be the best place for this description. He would support and prefer to see this in a job description instead. Selectman Brownsberger believe the only real issue is whether this should be done as a bylaw or something else. He admitted this could be adopted as a policy, but he would prefer to have the support of the Warrant Committee.

Member Heigham, noting 4A2.1, is a much more favorable tool than what is in place now.

Member Schafer moved to propose the Warrant Committee recommends the Board of Selectmen and Town Administrator incorporate the wording of the proposed bylaw in the current job description in the current Town Accountant job description. Chairman Bruschi seconded said motion. This is to be done in addition to the keeping the Article in the Warrant.

Mr. Kleckner spoke on the current Town Accountant application process. His concern is that the Town Accountant is not trained as a Chief Financial Officer, as one who projects financially. The Town Accountant's range, responsibility and authority are limited over other Town Offices.

Member Schafer stressed the importance of getting everything that is needed into the Town Accountant's job description. Member McCormick is concerned the WC is now getting into the business of writing job descriptions. If the Town Administrator would like this in the Town Accountant's position, then the Town Administrator should do that. Chairman Bruschi informed Member McCormick that the last time a Town Accountant was hired, the WC did have say in the job description.

Member Morley is concerned about putting this level of detail in a job description. Member White agreed, but this Town is suffering badly from the lack of these functions being performed on a professional recurring basis. Anything the WC can to support this is long overdue, and he supports this proposed bylaw.

Member Curtis made an amendment to the motion: The Warrant Committee recommends to the Board of Selectmen that the Board of Selectmen adopt "Article 18 Proposed Bylaw 4A.1 to 4A.4" as the policy of the Town of Belmont. Member Widmer seconded proposed motion.

Selectman Brownsberger proposed to table this issue until a later time.

After discussion, the Committee decided to vote on the motion. Member Heigham made a motion, member Curtis seconded said motion and it was unanimously voted to amend Member Schafer's motion.

On the now amended motion, with 13 members present, the Committee voted unanimously in favor.

Discussion of Senior Center Funding

Chairman Brusch informed the Committee this will be included in the May extension of Town Meeting (May 20th). Mr. Kleckner noted a report will be available for discussion in about 3 weeks.

Discussion of Annual Town Meeting

Member Hilgenberg asked the Board of Selectmen set up discussion times for particular topics in order for new Town Meeting Members to be informed on those topics. Selectman Brownsberger informed Chairman Brusch the Board of Selectmen will be discussing timing and dates on their Monday meeting.

The Board of Selectmen discussed options for presenting a budget to Town Meeting: Option 1, Option 2, and Option 3. Mr. Kleckner passed out a spreadsheet of his three budget options. A copy is on file with the Clerk.

- Option 1 is the default budget if nothing can be done to increase revenue.
- Option 2 assumes adoption of McLean tax capacity, \$1 million in borrowing, and cutting capital budget by \$750K. It is a balanced budget restoring teaching, highway, fire, and police positions.
- Option 3 assumes passing an override.

Mr. Kleckner discussed an additional \$77K regarding the Track debt exclusion and additional money regarding overlay surplus. Selectman Brownsberger would like to see a discussion of a five-year financial projection, to be done for Town Meeting. He will work with any Committee member on getting this done.

Member Widmer agreed a financial projection would be advantageous to have for Town Meeting. He would like the three options presented but is concerned with the level of detail offered to Town Meeting. Member Schafer agreed and discussed the presentation of the three budgets. Member Curtis agreed with the "broad brush" approach, but he wants to make sure "what this all means" is also presented in a general sense.

Member Oates cited Option 2 as an example and her preference for seeing the listing of what is included (or not included) with each budget option.

Chairman Brusch can see a 4th budget, which includes a \$2 million override, McLean tax capacity and borrowing. The Town needs to be prepared for another scenario. Selectman Brownsberger suggested there be a vote for the budget options, and then a vote again to narrow down the top two options. Selectman Mahoney and Member Curtis agreed with the three options for the budget.

Member Hobbs questioned the different revenue assumptions. Selectman Brownsberger talked of the different variables that can be tweaked. He admitted the Board of Selectmen are asking for some major choices to be made by Town Meeting.

Member Widmer would like to focus on the budget and the options for the next Warrant Committee meeting instead of Subcommittee reports. Member White would like the Board of Selectmen to update the projection of FY04 and FY05, which may influence how the Board of Selectmen recommends proceeding. Member McCormick wants to make sure that there is a common denominator with the different budget options.

Member Schafer questioned the Warrant Committee's role in this year's budget process. Is the role to support one budget option or support presenting all three and having Town Meeting decide? Member Widmer responded saying give Town Meeting the context (a

narrative), then say "These are extraordinary times and we will have a big debate at Town Meeting, so in order to facilitate discussion, the Board of Selectmen are giving Town Meeting three options." Member Curtis suggested Ms. Munro put together three handouts. Member Oates suggested the Warrant Committee just explain the three-option presentation and the implications to each not support one specifically.

Member Hobbs talked of the whole spectrum of options for budgets. Member Widmer sees this as a two step process: (1) trying to get some agreement or feedback from Town Meeting in a way the Committee can handle or manage, and (2) putting a budget together from what the Committee has heard including the trade-offs of those decisions. Member White believes Town Meeting will ask: "What's the future like (answer: provide a five year projection), and what are you doing to fix this problem, besides more overrides/exclusions?" (answer: a structural change)

Other Issues

Insurance

Mr. Kleckner discussed the FY02 deficit in the health insurance account. The range of deficit and potential options to address it are now available in a memo passed out by Mr. Kleckner. A copy is on file with the Clerk. There are currently 1,075 subscribers to the Town's Health Insurance Program, with FY02's budget of \$5.290 million. Unicare Indemnity and PPO are self-insured in which the Town does have Stop-loss Insurance. The Harvard program is a standard, premium based insurance program with the Town being given a rate each year. There will be a deficit of up to \$600K for FY02 for these reasons:

- There was \$240K that was never initially budgeted for Schools.
- There was an underestimate of new/changed subscribers to the Harvard Plan.
- The Town and its consultant underestimated the claims for the Unicare program, which could be about \$200K.

Mr. Kleckner is suggesting using the Special Town Meeting to re-appropriate/transfer the 2% reversions requested from Departments to supplement the Reserve Fund. Also upcoming from the Reserve Fund are legal expenses and special education expenses. Finally, the Town will request a surcharge from the Belmont Municipal Light Department for an unspecified amount of money. For FY03, the Town is still waiting for the Harvard Program rates, expected at the end of April. A \$300K fiscal reserve is built into the FY03 health insurance budget. A 15% increase is expected from Unicare. The Insurance Management Committee met and has a plan going to move forward. No savings are projected in FY03.

Member Heigham made a motion, and it was unanimously voted to adjourn the meeting at 10:38 PM. Respectfully submitted,

Kristina E. Frizzell

Interim Recording Clerk