

WARRANT COMMITTEE FY07 MEETING MINUTES  
DRAFT  
MAY 30, 2007, 7:30 P.M.  
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Present: Chair Jones; Members Allison, Brusch, Callanan, Curtis, Doblin, Heigham, Hobbs, Hofmann, Paolillo, White, and Widmer; Town Accountant Hagg, Town Treasurer Carmen, Assistant Town Administrator Conti; BOS Chair Firenze; School Committee Chair Bowe.

Absent: Members Christensen, Oates, Tillotson and Town Administrator Younger

Chair Jones began the meeting by reviewing the evening's agenda. He then proceeded to the minutes of May 23, 2007.

Minutes Approved for 5-23-07

The minutes of May 23, 2007 were approved as is, with one abstention.

#### Fire Department Transfer Request for Defibrillators

Chair Jones confirmed with BOS Chair Firenze that the BOS was planning to review this transfer request at their meeting on Monday, June 4. Firenze stated that "no problems are expected". Fire Chief Frizzell explained the transfer request as follows: The AHA (American Heart Association) has changed its guidelines and 8 defibrillators will need to be upgraded, i.e., new ones purchased. Money is available on the salary side, he continued, as the department did well on overtime. As a result, \$12,600 can be transferred from the overtime account to the non-salary side, but, for procedural reasons, it was recommended that the \$12,600 be transferred from the town's Reserve Fund.

Member Hofmann asked if the Police Department has the same defibrillators as the Fire Department. The Police chose to get a different model, Chief Frizzell replied, but they may get the same ones soon.

BOS Chair Firenze asked if we could use the older defibrillators in town? Chief Frizzell explained that the department gets \$2,000 back per defibrillator when they are traded in, and that they then get shipped out of the country.

Motion to recommend approval was put forth by Chair Jones. The motion was seconded. All voted in favor.

Town Accountant Hagg was then asked about the status of the Reserve Fund. She replied that it has about \$300K in it, and it started out with \$400K. This figure will be provided to the Warrant Committee.

#### FY08 Budget

Chair Jones stated that the evening's Budget conversation would include an update from the Education Subcommittee, a discussion of free cash expenditure, and town-side level service budget questions put forth by Member Brusch.

#### Education Subcommittee Report

Regarding Education, Member Curtis distributed a report but informed the WC that some adjustments to this report were necessary. \$2,703,231 is the School Committee's (SC) recommended budget, which reflects a 7.8% increase. However, this "revised level service budget" will get decreased by \$310K, as per last week's WC decision to reduce \$516K from the level service budget, to be apportioned 60% from the schools and 40% from the town. The majority of the Education sub-committee, Curtis continued, supports the \$516K reduction. Member Doblin noted that the vote was 3 in support of and 2 against, reflecting a deeply-divided decision. Curtis added that while he voted against the \$516K reduction at last week's meeting, he reconsidered that vote and voted for the reduction in the subcommittee vote.

SC Member Bowe asked why Member Curtis had changed his vote. Curtis replied: "The only reason I voted the way I did last week was as an expression of sentiment on the side of the SC and the BOS, who have spoken vigorously in favor of not tying their hands on collective bargaining. I am committed to reducing growth in town government and change in health insurance. While I feel a sense of support to the BOS and the SC, I think more importantly we need to do something about the rate of growth in this budget."

BOS Chair Firenze replied that we (the BOS) are committed to the same objectives, but disagree on the mechanism for accomplishing those objectives. Member Doblin noted that Member Curtis' reasoning falls down on the practicality of savings achieved. She posited that it is not worth the additional uncertainty that this reduction brings and it (the reduction) may actually be counterproductive.

Precinct 4 Town Meeting Member Anne Mahon, from the audience, directed her comment to Member Curtis: "Last week you thought it should be left up to voters to decide." Curtis replied: "As long as we are reducing a level service budget, voters will have a say at Town Meeting. The BOS will probably make an amendment to restore the \$516K, and Town Meeting will come to its decision."

Member Widmer opined that we can achieve savings without reducing services that are in the budget. This action will increase the likelihood of success when we go to the voters in FY09 for a budget override for the schools. If we overreach spending by depending on one-time money, a larger override will be required, thus lessening the support it will have. My motivation, Widmer explained, is to have a sustainable school budget and to maximize an override's chance of success.

Member Doblin offered that this budget is not "overreaching." The budget, she continued, "is essentially level service, and we're holding on with fingernails to what we have. It is the status quo - with very few changes - and I object to idea that the SC is overreaching." Member Widmer replied: "I am not suggesting that the SC is overreaching in the services that they are trying to provide, but that we as a town are in danger of overreaching in terms of what the taxpayers will support. A 7.8% increase with onetime money is overreaching."

SC Member Bowe noted that the "level service" description is tricky when one considers all the factors: increasing number of kids this year, dollars spent last year, special education services, etc. Member Bruschi replied that "level service" refers to the same number of people performing the same services for a range of students within a class size range. Level service is the level that they had that year, and planned for next year, she said. BOS Chair Firenze noted that there are problems inherent in using "level service" as a description for how to budget. Activity-based budgeting, he said, forces us to look at the services that are required - independent of what we spent last year. Member White replied that absent a mechanism for "activity-based budgeting," level service budgeting is the best we've got.

In closing the Education Subcommittee's section of the budget conversation, Member Curtis noted that a majority of the Education Subcommittee supports increasing the school budget by

\$2,393,231 for FY08. "This would be a 6.9% increase over FY07 and would result in a SC budget of \$37,040,025 for FY08."

#### Questions About Town-Side Level Service Budget

Member Brusch initiated a discussion about the level service budget on the town side. She said it would be helpful to have a listing of what was new this year - without putting value judgment on those items - "I am just trying to identify what is new." For example, money for oversight for sewers on Olmsted Drive is additional this year, but it does not appear on the "cuts/adds" report. BOS Chair Firenze stated that it was his belief that Town Administrator Younger tried to get back to a level service budget, although he may have missed in one or two areas. Brusch added that she found it disturbing that there were items that are enhanced on the Town side but are not listed on the cuts & adds enhancements: Olmstead drive professional services, fire hose, and all the other town capital outlays. Further, after reviewing the April 30th monthly report, it appears that there are some budget areas that are significantly under-expended. Town Accountant Hagg offered that the budget is done as a "cash basis report." The April 30th report is cash in the door and out the door as of that date. Purchase orders are outstanding in all departments. Bills are sometimes as much as two weeks in transit between departments and the Accountant's office.

#### Use of Free Cash vis-à-vis the Budget

Chair Jones directed the WC to Member White's spreadsheet "Belmont Property Tax Forecast/Analysis (\$000)" which was then handed out. It was noted that \$3M is the amount required for an operating override for FY09. In the spreadsheet, \$2.1M is slated for roads, \$500K for the OPEB liability (post-employment health), and a reduction of \$516K from the operating budget is presumed. BOS Chair Firenze noted that the BOS has a free cash recommendation: use \$1.6M to close the budget gap. (The WC had recommended \$1.1M to close the gap.) The BOS recommends allocating \$2M for roads, \$600K for non-capital outlay, \$400K in health reserves, and \$300K left over of free cash.

Chair Jones then asked: "What does the WC want to recommend"? Jones said he was in favor of \$2.5M from free cash to jump start a roads program. SC Chair Bowe noted that the town expressed disfavor in funding the roads a year ago. "By margin of 70/30, people said no," said Bowe. Firenze added that the roads can and will get worse and a tremendous amount of work was done by the Pavement Management group on their report.

Member White moved to allocate \$2.1M of free cash for roads, and \$500K for retiree health benefits. Bowe moved to amend the motion: \$2M for roads and \$200K retiree health benefits. The amendment to the motion was moved: 3 voted in favor, 11 opposed.

Member Widmer noted that the reduction in other post-employment benefits (OPEB) funding incurred expensive obligations for the town to pay for medical costs of its retirees -- but this is an unfunded obligation. Therefore we have a shortfall of \$121M in unfunded retiree medical benefits for our retired teachers, police, and fire personnel. If we don't fund it, Widmer continued, we push the obligation onto the future. Member Doblin asked what other towns were setting aside? Treasurer Carmen replied: not much, but by putting it (some funding) in now, this will help us with our AAA rating. It's the right decision, he said. Widmer stated that we are worse off on pension funding - at 52%. A short discussion ensued about the advantages of allowing the state to manage pension funding.

Motion was moved on Member White's original proposal (\$2.1M for roads, and \$500K for retiree health benefits): 11 voted in favor, 3 opposed.

#### Draft Warrant Committee Report

Member Hobbs distributed the draft Warrant Committee Report. She suggested that there were several sections (in bold) that the WC should read and review.

The issue of the Human Resource Director's salary was raised. She is above the maximum pay range, and is slated for a 4% pay raise increase. Members Heigham and Hofmann stated that they do not endorse the raise and that it is not right to give one town employee an opportunity to exceed the pay grade range. Member Bruschi reminded the WC that the Director's additional salary was due to her ability to perform activities previously performed by the labor counsel, which has directly resulted in a reduction in the town's labor counsel fees. BOS Chair Firenze added that others in town were also above the pay grade range. Member Doblin said she would not like to single out the HR Director. In closing, Member Hobbs noted certain sections of the report where input was needed.

#### Closing

As the evening's meeting wound down, Chair Jones expressed his "hope to get all parties on the same page for Town Meeting." He noted that the WC is scheduled to meet on the evening of TM: Monday, June 18, 6:00 in Room 112 at the High School.

Member Paollilo stated that he would feel more comfortable if the WC met again to review its budget recommendations, without the time constraint imposed at the 6/18 meeting.

Chair Jones agreed to put a "place holder" in for the WC to meet on June 13th at 7:30 in the Chenery Community Room.

Member Heigham moved to adjourn at 9:22 pm.

Submitted by Lisa Gibalerio  
Recording Secretary