

Warrant Committee Meeting Minutes May 4, 2005

Handout(s) distributed tonight are:

1. School Revolving Accounts
2. Ice Skating Rink FY06 Only \$700K @ 5% Coupon

Member(s) absent: Hofmann, Tillotson

Also present: Town Administrator Tom Younger, Acting Assistant Town Administrator Becky Vose, School Director of Finance & Administration Dr. Gerry Missal, Director of Buildings Kevin Looney, Capital Budget Committee Chair Mike Speidel, and Town Treasurer Floyd Carmen

Chairman Widmer called the meeting to order at 7:37 PM.

Reserve Fund Transfer – Buildings Department

Mr. Looney reviewed his need for the Reserve Fund transfer from the Warrant Committee. Fuel costs as well as other utility bills from the Homer Building contractor are reasons the Department needs the additional funds. As of now, the Homer Building will be occupied on June 3. The Maintenance of Buildings account has been a drain to his budget. His request breaks down to: \$7.5K for flooring, \$28K for fuel increases, \$12K in building maintenance, and \$2.5K anticipated items for the Homer Building. The Board of Selectmen want to wait on the latter but recommended approval for a transfer of \$47.5K.

- *Member Brusch made a motion, Member Hobbs seconded said motion, and the Warrant Committee unanimously voted to approve a transfer of \$47.5K from the Warrant Committee Reserve Fund to the Buildings Department.*
- *Member Fitzgerald abstained from said vote.*

FY06 Budget Discussion

Chairman Widmer informed the Committee on an increase in the House Ways & Means Budget of \$178K for Belmont's Local Aid. This brings our deficit down to \$130K. Our goal tonight is to close that gap. We will need to review and update the Warrant Committee Report. Our request is that we get subcommittee reports in by this Friday to Town Accountant Hagg at bhagg@town.belmont.ma.us.

School Revolving Funds

Member Gibson passed out an updated spreadsheet on the School's Revolving Funds (*Handout 1*). For tuitions and rentals, we use anticipated expenses to pay utilities.

Member Heigham asked that when these funds are used for operating expenses, do they get reported as expenditures? Dr. Missal responded they do get

reported on the end of year report. The building rentals are very volatile leaving it difficult to predict revenues. For FY06, the \$140K in building rentals is a firm minimum due to leases already in place. There will be some additional revenues, but that amount is unknown. The increase in building rental fees is factored into the FY06 Budget.

Vice Chair Jones asked about \$79K in School Choice. Dr. Missal mentioned he would be coming back to the Warrant Committee for a Reserve Fund transfer. Member Hobbs asked if that transfer request could come out of remaining revolving fund balances. Member Gibson answered part of the deficit is already being taken out of the funds. Dr. Missal said we were trying to use a revolving fund approach that is sustainable in the long run. School Choice revenue is going to disappear in the next few years. We know the circuit breaker money will top off at the \$500K projected in FY06. The tuition and rental account, plus the athletics, will be the only sustainable accounts. Other funds will eventually be charged to those accounts. Member White is struggling to justify the need for that amount of cash in the revolving funds.

Member Paolillo asked Dr. Missal if he could estimate the last quarter's revenue for the tuition and rentals. It seems we are being more conservative than we need to be. He suggested that \$519K is likely to be \$560K.

Member Heigham pointed we are the Warrant Committee of the whole Town, and we should have a better idea of the amount being requested by the School Department. Dr. Missal answered that he prefers the protocol of reporting it to the School Committee first, but he will send out the information to the Warrant Committee at that time.

Town Administrator Younger is concerned with FY07. He is concerned our Free Cash will be affected regarding School Lunch fees. Dr. Missal agreed, which is why he requested an increase in School Lunch fees for the upcoming year. Member Brusch asked if Dr. Missal could project the last quarter's lunch revenues. Dr. Missal said there would be revenues, but it will be offset by upcoming expenses.

Member Brusch also asked about athletic fees. Member Gibson mentioned that \$40K has been taken out of that account for next year. Member Brusch thinks the Athletic fees should be zeroed out at the end of every year to offset the Athletic Program costs.

Vice Chair Jones also believes it will be useful to put some of these funds towards the deficit at this time.

3 Major Projects: Rink, Financial Software, and Concord Avenue Property

A breakdown of the three projects is expected to be \$295K for FY06. Town Accountant Hagg projected \$300K. Capital Budget Committee Chair Speidel requested we use the figure of \$291K, which is the total of the Tier 2. If we carry this amount of debt for \$291K, we could reduce our gap by \$9K down to \$121K.

Mr. Speidel then reviewed amounts in the May 4, 2005 memo (previously distributed) regarding the Viglirolo Skating Rink Equipment. He suggested we add items 4, 5 and create a 6 (boiler) to the page one amounts. With a 10% contingency, you get a rounded \$600K of costs. This is the figure the Capital Budget Committee has been working with. If we were to replace the sand floor with a concrete floor, the incremental cost would be \$300K. Therefore, the decision to be made is between the \$600K or the \$900K option.

John Owen, a town meeting member who also runs a rink, gave some numbers based on a new rink project in Natick. The total cost would be \$660K, instead of \$900K with a different vendor. With sand, it would create more difficulty, so he recommended concrete. It should take three months: demolish, rebuild, and a month to set the concrete. Without the demolition, it would be \$560K. He thinks a useful life would be about 15 years.

Treasurer Carmen reviewed some debt options for the rink (*Handout 2*). Chairman Widmer mentioned that a 10-year amortization would be \$135K for 10 years. Mr. Speidel said if we are going to get 10 years from that, then we ought to "bite the bullet" and do the roof and insulation. Mr. Owen suggested that may be another \$200K. Member Bruschi said this is reaching close to a construction project, which means we will have to bring parts of the building up to ADA. The other issue is a timeframe. If we started July 1, we would barely make a November 1 opening. This does not include writing the specs.

Member Bruschi answered it is on the Capital Budget Committee's list to replace that building but it is in a longer than 10 years out range. Member Paolillo suggested that if we are going to do this, then we need to do it right. This building needs to make it another 10 years because many other projects are in the queue.

Town Administrator Younger said if we continue to add on construction issues, then we need to look at the management of the rink. If we are continuing to spend money with the project, we need to look at different ways to bring in additional revenues.

Chairman Widmer suggested we plan on the \$291K (effectively the Tier 2) to support those projects. For planning purposes, he suggested we incorporate the \$291K for those projects. Effectively, the gap is now about \$120K.

Health Insurance

Chairman Widmer thinks the information the consultant gave lends support that 14% is still a conservative estimate. When one is looking at our own experience, it gives comfort to the argument that we can plan on 14%. He deliberately was conservative when it was suggested a couple meetings ago. The delta between 14% and 16% is about \$57K.

Vice Chair Jones suggested we fill the gap from various revolving fund accounts instead of using Free Cash. Chairman Widmer agreed that we should close the final \$120K with \$57K in health care and the balance from the Schools.

Member Paolillo thinks that makes sense. Based on their experience, consultants are conservative. We can suggest that 14% is conservative enough.

Member Gibson said the Schools have a tiered plan for cuts that can be made to fund the remaining gap. She reminded everyone that the additional \$178K from the State was to increase the School budgets by \$50/student. Chairman Widmer thinks that is an important point, but added that money is usually pooled for both Town and Schools.

Member Heigham pointed out that \$1,450,000 was spent on a school oil spill that many think ought to have been funded from the Schools, not the Town. Selectman Solomon suggested we propose the Schools fund the \$63K however they decide to, whether it be from Revolving Funds or Operating. Member Gibson recommended the Town and School split the remaining \$63K.

Member Curtis thinks we are so close to the final numbers that for weeks, we have said the split was an initial way to create a macro budget. It's a needs based budget after that approximation. In looking at that in a needs based analysis, we all see a Revolving Fund balance of over \$500K, and it seems fair to ask the Schools to fund that remaining \$63K. Member Gibson reiterated the Schools appreciate the efforts at closing the gap thus far and are willing to cooperate.

\$130,000	Gap as of 5/4
(\$10,000)	Change in interest on three projects to ~ \$291K
(\$57,000)	Decrease health insurance projection from 16% to 14%
(\$63,000)	Fund through School Department

- *Member Heigham made a motion, Member Oates seconded said motion, and the Committee voted to recommend closing the \$120K gap by \$57K from the reduction in health insurance and the remaining amount from the School Department.*

Other

Mr. Speidel reminded the Committee that we still need to go forward on this rink issue. Chairman Widmer said he would call DPW Director Castanino regarding this issue.

Future meetings are on May 18 (CMS) and June 1 (Town Hall). On Friday May 6, subcommittee reports are due.

Member Heigham made a motion and it was unanimously voted to adjourn the meeting at 9:14 PM.

Respectfully submitted,

Kristina Frizzell, Recording Clerk