
TOWN OF BELMONT
BUDGET AND REPORTS
OF THE
WARRANT COMMITTEE
AND
CAPITAL BUDGET COMMITTEE



2002 ANNUAL TOWN MEETING

WARRANT COMMITTEE REPORT

May 15, 2002

Introduction

The principal function of the Warrant Committee is to make recommendations to Town Meeting on all Warrant Articles that involve immediate appropriation of money. Similar committees in other towns are often called Finance Committees.

The Committee consists of fifteen residents (not necessarily Town Meeting Members) appointed by the Moderator for staggered three-year terms, plus the Chairs of the Board of Selectmen and the School Committee. The Committee appoints one of its members to the Capital Budget Committee. Warrant Committee meetings are regularly attended by the Town Accountant, Town Administrator, and Town Treasurer. The other Selectmen often attend.

This report will provide Town Meeting Members with a background and explanation of the proposed budget for the Fiscal Year 2002-2003 (FY 2003), and it will also fulfill the Warrant Committee's obligation to report its recommendations on proposed appropriations on votes taken prior to the printing of this report. On votes taken afterward, the Warrant Committee will report orally at Town Meeting.

Budget Overview

For at least the next several years, and perhaps much longer, the Town of Belmont will experience major financial pressures requiring difficult tradeoffs and decisions. Despite a \$3 million operating override approved by the voters a year ago, there is a large gap between revenues and spending in the 2003 budget with the high likelihood that similar shortfalls will occur on an annual basis. At the same time, the Town confronts an extensive and growing list of major capital needs, including the Town Hall Complex (approved by the voters on April 1), fire stations, the Wellington School, the main library, the High School renovation, and a senior/community center.

Belmont has long taken pride in the level of service provided to our citizens. However, as a "town of homes" with limited industrial and commercial development, our property taxpayers carry a heavy burden. These twin realities -- a desire for quality services on the one hand but the limits of taxes on the other -- will come into sharper and sharper tension in the years ahead. In order to fund our operating and capital needs, it is probable that we will need to ask voters for a series of operating overrides and debt exclusions.

In this environment, the Selectmen and Warrant Committee presented three Fiscal 2003 budget options to Town Meeting on April 29. Town Meeting members voted by an overwhelming 223-25 margin for a budget based on a \$2.4 million override. Following the meeting the Selectmen voted unanimously to place an override of that amount on the ballot at a special election on June 3.

Accordingly, the Warrant Committee is now presenting two budgets for Town Meeting approval -- one totaling \$70,858,426 if the override is approved by the voters, and a second of \$68,388,425 if the override fails. It should be emphasized that even the \$2.4 million override

will fall approximately \$1.6 million short of a true level service budget in which the services provided in 2002 would be maintained in 2003.

The Warrant Committee has begun an extensive review of several areas which could generate long-term savings. However, the reality is that personnel account for most of the town's \$70 million budget, and given the town's fiscal problems, the number of staff will almost certainly have to be reduced in the years ahead. Also, the town will need to control more tightly the level of salary increases each year.

Budget Revenues

Please note that the difference between the anticipated revenues under Options A and B is \$2,470,000 (not \$2.4 million, the amount of the override). This is due to the fact that under Option A, the Fire Department will have a decrease of 5 staff positions, which will result in a loss of ambulance service along with the associated revenue. We anticipate this loss to be \$70,000.

As of this writing, the State Legislature has not completed action on the State budget. We are including a decrease of 10% in Chapter 70 (education), a decrease in lottery funds, a decrease in Chapter 90 (roads), and a modest increase in excise taxes.

Water and sewer revenues continued to be studied with the help of consultants. Sewer and water rate increases will keep pace with MWRA assessments and expenditures.

For FY 2003, with a \$2.4 million override, the Town's revenue sources break down substantially as follows:

- Local Taxes—73%
- Enterprises (water, sewer)—13%
- State Aid—10%
- Local—3%
- Reserves/Other—1%

Budget Expenditures

On the expenditure side, a few general observations at the start may be helpful:

1. Option A assumes a drastically reduced level of services which will be necessary if the June 3rd override fails. Option B assumes a successful override.
2. Most departments, even in the Option B budget, will see a decrease in services.
3. \$384,000 in Option A or \$400,000 in Option B is recommended for appropriation to the Reserve Fund, to cover unanticipated expenses during FY03. For the past three fiscal years, it has been necessary for Town Meeting to appropriate additional funds within the year to fund unanticipated and emergency expenditures.
4. The Capital Budget remains close to the FY02 level.
5. Under Option A, the local school budget will decrease from FY02 levels. This is the first time this department has seen a decrease in funds in many years. Under Option B,

the school budget will increase by 3% which will still necessitate some decreases in services.

6. Health Insurance costs continue to be a concern as rates continue to rise faster than inflation. As of this writing, we have the new rates for FY03 and have included a reserve to cover unknown increases.
7. The Town's pavement management program continues, using both Town funds of \$863,904 and our annual distribution of Chapter 90 funds from the state. Chapter 90 funding for FY03 is \$136,096.
8. The Town's expenditures, under Option B, break down by major categories substantially as follows (Note: These numbers include self-financing Town enterprises):

- Town services—37%
- Education—40%
- Enterprises (water, sewer)—13%
- State/intergovernmental—3%
- Debt service (including schools)—4%
- Capital/reserves (including schools)—3%

Separate Articles

Some elements in the budget are presented to Town Meeting in separate articles, even though the amounts in those articles also appear in the Budget Table. This year these articles are:

Article	Purpose	Amount Option A	Amount Option B	Budget Table Line
5	Salaries of Elected Officials	\$158,511	\$158,511	030, 040, 080, 090, 360
6	Noncontributory Pensions	\$102,237	\$102,237	099
7	Contributory Pensions	\$2,429,750	\$2,429,750	099
8	Chapter 90 (Roads)	\$136,096	\$136,096	313
11	Capital Budget	\$1,886,253	\$2,118,453	798

The Warrant Committee recommends favorable action on the above Articles.

REPORTS OF WARRANT COMMITTEE SUBCOMMITTEES

FY 2002

GENERAL GOVERNMENT

Town Clerk

(Lines 010-030)

Legislative: This budget covers the costs of town meeting including printing the warrant and police, lighting, and stenographic services. There is no reduction in the budget for FY03 under Option A or B.

Elections and Registration: This budgetary unit includes the salaries of the Assistant Town Clerk and part-time election help. The FY03 budget under both Option A and B is \$30,000 higher because there will be three elections in FY03 rather than the one budgeted in FY02.

Town Clerk: The budget includes the Town Clerk, one full-time staff person and one part-time staff person. Option A eliminates funding for the part-time position. Option B restores the position.

Town Administrator

(Lines 040-050)

Board of Selectmen: There is a sharp decline in this budget from FY02 because the current year included the final payment to McLean. Other significant changes are the elimination of employee recognition events and a reduction in hours for the administrative assistant position. The staffing reduction generates savings of \$6,636 but is likely to adversely affect customer service. Option B will allow the position to remain at full time.

Community Relations: Option A reduces the funding for the town web page by \$3,600. The reduction will limit the enhancements that can be made to the page. Option B increases the web page budget by \$12,000 to allow more information to be added to the page and to develop the capability of transacting business over the web.

Committees/Commissions: The Option A budget eliminates the entire budget of \$5,000 for professional services. These services are necessary to support new initiatives such as the proposed Uplands development. The funding will be restored under Option B.

General Management Services: Option A cuts \$9,000 from the professional services budget, a reduction that will severely limit the Town Administrator's ability to engage consultants to assist on special projects. The funding will be restored under Option B.

Legal Services: Under Option A, the budget for Professional Services is equal to the FY02 budget. In Option B, the budget is increased by \$45,000 to a level consistent with actual expenditures for the past several years.

Human Resources

(Line 055)

Under Option A, the employee recognition and professional development programs are entirely eliminated and professional services are reduced. Option B will restore \$5,000 to professional development for the continuation of supervisory training for town employees. Option B will also add back \$2,000 to fund professional services for maintaining benefit plans.

Finance & Accounting

(Line 070)

The budget includes the Town Accountant, a part-time accountant, a full-time clerk, and a student intern as well as audit and computer services. Savings of \$7,500 will be realized in professional services under both Options A and B. In FY02 there was a one-time outlay for assistance in planning the implementation of new financial reporting requirements.

Assessors' Services

(Line 080)

Assessing Services: This budget is essentially flat except for some minor reductions in several small accounts such as Computer Services, Travel and in Registry of Deeds. This area had funds re-allocated to it in anticipation of additional work to be performed in the new growth category as well as in the overlay account. There is no projected difference between the Option A and Option B budgets.

Town Treasurer

(Lines 090-091)

Treasury Management and Collection: The budget remains fairly constant except for three accounts that have been reduced. Maintenance of Office Equipment has been cut in half and may create some difficulty due to existing outdated equipment. Computer service has been reduced by 25% and this should work out for the next fiscal year. Postage has been reduced by \$2,600.00 from a level budget, and in light of the anticipated USPS increase (8.82%) for stamps, this may have to be revisited. The Treasurer will have to monitor postage carefully. There is no projected difference between the Option A and Option B budgets.

Parking Clerk: This budget is essentially flat except for an increase in parking ticket printing costs that occur bi-annually. There is no projected difference between Selectmen's A and B budgets.

Retirement and Insurance

(Lines 097-099)

Retirement: This budget reflects both the contributory and non-contributory retirement costs as requested by the Retirement Board. The annual contribution to non-contributory pensions is \$102,695.00 as based upon the actual cost for retirees. There are seven non-contributory retirees. The contributory pension amount is \$2,429,750 as determined by the annual actuarial study. The state is requiring that the local retirement obligations be fully funded by 2028. The Town, if it continues on its present course will be fully funded in the year 2018. There is no projected difference between the Option A and Option B budgets.

Insurance: This budget includes a significant increase in fixed costs for employee and retiree health benefits and a reserve for salary and other fringe benefits to Town collective bargaining agreements. The Salary and Health Benefits Reserve has been substantially increased to provide for anticipated workers compensation premiums, additional people and anticipated health insurance premium costs, and salary reserve. In addition, the Auto, Fire and Liability Insurance account has been increased by 50% to \$225,000.00 in anticipation of significantly higher premiums driven by a hard market and a higher Town asset evaluation. The firm of Kevin Donahue & Associates developed a bid specification sheet which was circulated in April and bids are anticipated shortly. There is no projected difference between the Option A and Option B budgets.

PUBLIC SAFETY

Police Department

(Lines 110-145)

Like most of town government, staffing levels drive the cost of the Police Department. Personnel costs account for more than 90 percent of the department's budget.

The number of police officers has swung up and down over the past decade with a low of 43 in 1994 and a high of 56 in 1999. There were 53 officers in 2001 and 2002, but with a recent resignation the Selectmen and Warrant Committee have agreed on a level of 52 in 2003. If the override fails, that number will be reduced to 50.

Over the next few months the Selectmen and Warrant Committee will form a working group to review the proper staffing level for the Police Department given the town's financial difficulties. Among other things, the review will examine shift staffing, which will involve collective bargaining issues. In the meantime, any openings that occur will not be filled until this review is completed.

Police overtime has been cut by approximately \$105,000 or almost 50 percent in both versions of the 2003 budget. That may well affect programs such as child car seat installation,

child safety day, senior luncheons, bicycle safety clinics and community cleanup projects, among others. The question of overtime costs will be part of the review of police staffing.

If the override fails, the crossing guards program will be significantly cut back. Also, a part-time position in police records will be eliminated.

Public Safety Communications (E 911)

(Line 149)

This department was created in 1995. It is the communications hub of the Town, handling calls between the Police, Fire, E911, COA, Highway, School, & BEMA depts. Because of the nature of the calls that go to this department, there is a minimum of 2 employees on duty 24 hours a day, 7 days a week. In 2001 the department handled over 25,000 calls, which is more than twice the calls received in 1991 (10,694.) There are 10 full-time employees and one permanent part-time employee who work 20 hrs/wk., all of whom receive benefits. Three *per diem* employees work for hourly wages and receive no benefits. The 8 fulltime employees who are non-management belong to the Firefighters Union. There is a 7% pay differential for working evenings or nights. Employees who undergo training as an Emergency Medical Technician (EMT) or Emergency Medical Dispatcher (EMD) receive a stipend.

In FY02 the fulltime salary account was increased nearly \$100,000 with no increase in personnel. One half of this amount was a retroactive salary increase (1 ½ yrs) from the union contract settlement. (This contract expires 6/30/03.) The other half of this amount reflected the loss of an annual \$50,000 payment to the salary account from the Municipal Light Department for coverage of the substations.

The largest proposed cut is a \$5,000 cut in the Overtime account, which seems unrealistic given the amount expended in Overtime over the past 3 years. The Overtime account for FY02 is over budget already. Health insurance costs have risen \$15,000 in past two years, which makes it even harder to find room to cut in this relatively compact budget. Contractual obligations increase each year. Small cuts have been made in Educational Incentive & In-Service Training.

This budget will remain the same in Option A or Option B.

Fire Department

(Lines 150-195)

Fire Administration: No changes in fulltime personnel; a part time data entry position is eliminated (\$2000). The electricity, heat, and water portions of the budget (\$14,000) have been transferred to the Buildings & Facilities department budget. Health insurance costs have almost doubled from FY01 (\$11,441 to \$21,545). A proposed \$800 cut in In-State travel is not recommended. This pays for the Chief to attend the New England Association of Fire Chief's Convention in Springfield for 5 days. This amount is eliminated in Option A and is restored in Option B.

Fire Suppression: Option A would reduce the fire suppression staff by 4 firefighters and one lieutenant, a reduction of \$231,256 (plus benefits) in the fulltime salary account. The lieutenant would be moved from Training Officer to firefighter duty. If these firefighters are laid off, the

