

WARRANT COMMITTEE

The Warrant Committee proposed a Fiscal 2007 Budget to the 2006 Town Meeting that included only minor reductions in services in some departments. The FY 2007 budget, which was accepted by Town Meeting as proposed, provided a 5.1 percent increase in spending.

The basic dilemma facing Belmont is that expenses are growing much faster than revenues. Because of Proposition 2 ½, the allowed increase in property taxes in FY2007 is \$1.36 million. Cost increases required for "level services" budgets for town services are \$3.76 million, and the gap is widening. By Fiscal 2008, increases in health insurance and retirement benefits *alone* will exceed allowable tax increases

The Report of the Warrant Committee to the 2006 Town Meeting identified several significant long-term problems that had not been quantified in previous reports. According to the most recent actuarial report (2004) our estimated unfunded liability for pensions is \$41.6 million. In April 2006, we commissioned an actuarial study of our estimated unfunded liabilities for retiree health insurance and life insurance. The total amount is \$121.6 million. We have not been funding pavement management adequately. Repairs proposed in 2002 would have cost \$15.7 million. The Town did not make that investment. In 2006, the cost of those same road improvements had risen to \$48 million.

Personnel-related costs such as health care for current and retired employees are growing much faster than inflation, which puts enormous strain on the rest of the budget and on basic programs and services. In the near future, it will require an operating over-ride to simply provide for salaries and benefits, with no increase in services.

Faced with these realities, the Warrant Committee asked the Board of Selectmen, School Committee, and Capital Budget Committee to join with us in creating a Blueprint for Change. The central idea behind this concept is that we cannot continue to do business in the way we have in the past; it is not sustainable. We have a choice. We can muddle through and watch services decline, or we can seek major changes in Town finances. The Blueprint that we outlined to the Town Meeting in 2006 started with the most important single item: reduce the cost of health insurance for employees and retirees. It also included a 20-year infrastructure asset management plan, regionalization of fire and emergency medical services, more aggressive outsourcing of services, consolidation of functions like buildings and information technology, and consideration of new revenue sources. We invite Town Meeting Members and citizens to join us in this work.

Finally, there needs to be a discussion of what kind of town we want Belmont to be. What are the core services that distinguish us from other towns and make us so proud to be citizens of Belmont? Once we have identified these services, we need to work on the process of making them affordable for our residents.

In September the Warrant Committee elected its officers: Ralph Jones, Chair; Phil Curtis, Vice Chair, and Peg Callanan, Clerk.

One responsibility of the Warrant Committee is to review and approve all requests for transfers from the Reserve Fund. Established by Town Meeting, this fund is intended to be used for emergency expenditures. The transfers during fiscal 2006 are listed below:

<u>Date</u>	<u>Description</u>	<u>Amount</u>	<u>Balance</u>
7/1/2005	Annual Appropriation		\$400,000.00
<u>Transfers</u>			
11/30/2005	Skating rink - handicapped ramp	\$ 24,000.00	
4/11/2006	Building fuel/telephone/maintenance	21,350.00	
4/5/2006	Special Election cost (11/14/05)	14,887.72	
5/21/2006	Fire Truck (1/2 in FY07 cap budget)	138,000.00	
6/21/2006	Police Assessment Center (BOS)	17,900.00	
	Subtotal of Transfers		<u>216,137.72</u>
	Remaining Reserve Fund Balance		<u><u>\$183,862.28</u></u>

Respectfully submitted,
Ralph T. Jones, Chairman