

WARRANT COMMITTEE

The Warrant Committee proposed a Fiscal Year 2008 Budget to the 2007 Town Meeting that continued level services, with very minor enhancements, in all Town and School departments. The FY 2008 budget, which was accepted by Town Meeting as proposed, provided a 9.8 percent increase in overall spending, but 3 percent of this was for a one time free cash expense for roads.

We were able to preserve Town and School services in FY2008 without an override thanks to an almost unprecedented amount of free cash. Due in large measure to one-time collections of delinquent taxes and better than anticipated returns on our invested funds, there was approximately \$5 million in free cash available for the FY 2008 budget. We made good use of these funds: \$2.1 million was applied to the repair of Town roadways, which meant that for the first time in years we were able to spend the minimum amount necessary to fix our crumbling roads; \$1.8 million was applied directly to the operating budget, avoiding the need for a Proposition 2 ½ override in order to maintain level services; \$500,000 was dedicated to reducing the Town's substantial unfunded liability for health benefits to retired employees; and smaller amounts were allocated to improvements such as long-overdue replacement of carpeting at the Butler School.

We are unlikely to see such large amounts of free cash in future budgets. Belmont continues to face the structural dilemma that expenses grow much faster than revenues and increases in nondiscretionary spending – for example, employee retirement costs, special education, health insurance and utilities – consumes a significant amount of our allowable tax increases under Proposition 2 ½. The impact of this “structural deficit” was largely avoided in FY 2008 because of our unprecedented amount of free cash, but it will plague future budgets. Going forward, the Board of Selectmen, Warrant Committee, Town Meeting and voters will have to assess the level of services that the Town is asked to provide and then determine how best to pay for them. Without substantial cuts in services, it appears likely that regular operating overrides will be necessary in order to balance the Town budget.

The Report of the Warrant Committee to the 2007 Town Meeting discussed the joint effort of the Warrant Committee, School Committee, and Capital Budget Committee to create 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. Town Meeting Members and citizens were invited to join us in this work.

There was substantial progress in 2007 on two of these Blueprint items. First, the Town and Schools, together with their respective employee unions, were able to achieve important changes to the health insurance program that should slow the rate of growth in our health insurance costs. In addition, we have begun to realize administrative savings from the Town's decision to self-insure its employees' covered medical claims. We are in the process of building a substantial reserve fund for unanticipated claims, and when this fund has been fully established we may be able to further reduce the growth of health insurance costs. Second, our \$2.1 million contribution from free cash to roads meant that we were able to achieve the first year's funding of a sound pavement management program. Further progress on this front is unlikely without a dedicated roads override.

Belmont needs to continue a town-wide discussion of what kind of town we want to live in. 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: Phil Curtis, Chair; Pat Bruschi, Vice Chair; and Liz Allison, 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 2007 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	
	Subtotal of Transfers		<u>216,137.72</u>
	Remaining Reserve Fund Balance		<u><u>\$183,862.28</u></u>

Respectfully submitted,
Philip Curtis, Chairman