

**MINUTES
TOWN OF BELMONT
FINANCIAL TASK FORCE
SELECTMEN'S MEETING ROOM
Friday, October 31, 2014
8:00 AM**

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BELMONT, MA
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CALL TO ORDER

A regular meeting of the Financial Task Force (FTF) was called to order in open session at 8:06 a.m. by FTF Chair Paolillo in the Selectmen's Meeting Room. Town Administrator David Kale was present.

FTF Members Present: Superintendent John Phelan, Mr. Tony DiCologero, Mr. Angelo Firenze, Mr. Charles Laverty, Mr. Daniel Dargon, Ms. Anne Marie Mahoney, Mr. Paul Lisanke, Mr. Charles Clark, Ms. Laurie Slap, Mr. Floyd Carman, Mr. James Tzouvelis, Ms. Laurie Graham, Ms. Anne Helgen, Mr. Justin Amico, and Mr. James Williams

Members Absent: Mr. Andrew Levin and Mr. James Conroy

Chair Paolillo reviewed the agenda and then began with the Education working group.

Reports by Sub-Committee (Working Groups) Chairs

Education – Compensation Modeling Group Report

Superintendent Phelan informed the FTF that the Compensation modeling group report is in draft form. It is almost complete, but not quite ready for distribution. He noted that the charge was to inform the negotiating process, and the report will most certainly inform the next round of negotiations.

The report first reviews the goals of compensation systems generally; these goals include:

- 1 – Attracting and maintaining desirable employees
- 2 – Managing the costs system-wide
- 3 - Encouraging system-wide excellence and improvement
- 4 - Supporting equity, both internally and compared to other workplaces

The report then examines the Belmont Public Schools compensation system in particular, noting elements that are common to many districts that are based on a "steps and lanes" approach to compensation (e.g., tenure, seniority, specific number of days worked, etc.) The report touches on the details of Belmont's setup, noting recent percentage increases, benefits, COA raises, and step-and-lane increases.

The report goes on to assess Belmont's current compensation system, noting where we are successful and where we are less effective with respect to sustainability, retention, maintaining

excellence, complying with unions, retention, and ensuring equity.

Report recommendations include developing a sustainable compensation approach better tied to town revenues, establishing a bonus pool, and looking at other towns who have moved away from steps and lanes (though such a move will likely require changes at the state level). The notion of moving away from steps-and-lanes, he noted, is now part of a conversation – where it really hadn't been before. As for the bonus pool concept, he offered that the basis for receiving the bonus will require some creative and innovative thinking. Performance, evaluation status, and achievement of set goals may be among the bonus pool criteria.

Chair Paolillo noted that the bonus pool concept has been explored on the town side (general government) as well. Mr. Firenze asked about the base rate of increase (2.5%) – would a bonus be on top of that? Ms. Slap said that it is unclear at this point.

Superintendent Phelan noted that the challenges faced by Belmont are consistent with his previous district. School budgets are 80% salary, which is difficult to sustain. Belmont is facing a challenge with steadily increasing enrollment. It is the fourth highest paying district in the area, but the only Level 1 district from among that list. He then explained the Level 1 distinction, emphasizing that Belmont is operating at a very high level.

Chair Paolillo offered that maintaining this distinction seems important; it helps maintain property values and continues to attract families with children. As class sizes increase, he said, the quality of education may suffer.

Mr. Firenze noted that the apartments across town are filled with families, some of whom pay \$1,200 - \$1,400 - \$1,600 per month. Superintendent Phelan agreed that the apartments are full, which is reflected in the enrollment numbers.

The FTF then discussed the enrollment challenges facing Belmont and the many unfunded state mandates (ELL requirements, to name just one). Chair Paolillo said that more state support (for funding these mandates) is necessary.

Revenue Opportunities ~ New Growth

Mr. Lavery began by noting that the Globe reported recently that private institutions in Boston are also underfunding PILOT payments. Chair Paolillo said that more should be done to encourage PILOT payments. Mr. Firenze said there is no incentive for them to pay Belmont anything.

Regarding new growth, Mr. Lavery began with improvements made to the existing tax base and offered a figure of \$475K, based on approximately \$50M worth of new value. Mr. Dargon explained that this number is derived from residential home improvements – not new construction. The fiscal year impact of the new growth revenue was then discussed.

Mr. Lavery then reviewed tax revenue from three potential developments: Uplands (\$630K), Cushing Village (\$531K), and NSTAR (the new substation - \$405K). He detailed the total

impact of this revenue from FY16 through FY19. Mr. Clark explained the assessed values and why they are typically a little under the actual price to build a new building.

The FTF then discussed the process of defending the appraisals. Mr. Kale noted that estimating new growth figures conservatively is prudent since a failure to achieve new growth estimates requires a potential offset to estimated expenditures. However, Mr. Lisanke said that money could be “left on the table” if the value of a building is worth \$60M and it is assessed at \$45M.

Ms. Mahoney asked if any net new growth revenue could be put toward capital needs? Chair Paolillo said it does make sense to take those additional tax revenues and put them in a capital stabilization fund. Mr. Carman said there is not likely to be any extra revenue from a development that impacts the schools. However, with the NSTAR development, it may be possible, as there is no school impact.

Mr. Kale noted that new growth revenue has historically been used to balance the budget. If this money is moved to capital, there is now less money for operations, e.g., something else does not get funded. This is a policy decision. Chair Paolillo agreed, but noted that, as a result of this policy, Belmont has ignored its capital infrastructure – which is currently crumbling.

The Board, offered Mr. Carman, has approved the newly proposed parking fees. This money will now cover the expenses. New parking meters will be installed in front of the Lions Club and in Belmont Center. Regarding adding meters to Trapelo Road, Mr. Carman said that the sidewalk on one side of the street is in Watertown, which makes it difficult (and more costly) to implement. Parking meters cost about \$12K each.

Capital Budget Projects

Ms. Mahoney informed the FTF that the draft report is completed. Debt schedules are being worked on.

Town Government

Mr. Lisenke will review the report in detail at the next FTF meeting. Collaboration and regionalization will be explored in the report.

Financial Projections

Mr. Kale spoke to the model of strategic planning for long-term finances, stating that this model is a moving target. For example, the Q1 results now need to be factored into the projections. A potential shortfall of \$500K (from the school side) will be folded into the projections.

There are other fluid issues that need to be factored into the long-term financial projections, e.g., contract negotiations and fixed costs.

FTF Timeline for Draft Reports

Chair Paolillo informed the group that the preliminary (draft) reports should be ready soon, perhaps by November 20. A final report with recommendations to the Board will be due by the end of the calendar year. This information will inform whether or not an operating override is placed on the ballot in April.

Next Meeting

The FTF will meet again on Thursday, November 20 at 8:00 a.m., to hear the remaining draft reports.

Approval of Meeting Minutes

The meeting minutes of June 27 and September 25, 2014 were approved.

The FTF moved to adjourn the meeting at 9:38 a.m.



Mr. David Kale, Town Administrator