

BELMONT WARRANT COMMITTEE MEETING MINUTES
APRIL 25, 2018, 7:30 P.M.
CHENERY COMMUNITY ROOM

2018 JUN 18 PM 2:11

Present: Chairman Epstein; Members Alcock, Crowley, Dionne, Doyle, Fallon, Helgen, Libenson, Lisanke, Lubien, McLaughlin, Schreiber, Slap, Weis, School Committee representative Burgess-Cox.

Town Administrator Garvin

Members Absent: Selectman Dash.

The meeting was called to order at 7:31 p.m. by Chairman Epstein.

I. Update from High School Building Committee

Chairman Epstein said he had invited the High School Building Committee to give a presentation on the high school project, specifically addressing the current cost estimates, the expected reimbursement rate from the MSBA, and capacity of the school system when the project is completed.

Bill Lovallo, chair of the High School Building Committee, and Pat Bruschi, member of the High School Building Committee approached the table.

Mr. Lovallo described the state of design and the financing plan for the new high school. The project is in schematic design, with a deadline for completion of schematic design by July 11, 2018. The goal is to get approval from the MSBA at their August 29, 2018 meeting. That will allow discussion with the BOS to schedule an election for a debt exclusion on November 6. With a successful vote, the project will move into the design phase, which will last about a year. Construction should start in late 2019.

The new building will provide space for long-term growth that should also free up space in the Chenery, which is an important bottleneck in the system.

The designed square footage is greater than MSBA guidelines principally because the design keeps the existing field house and pool, which are not counted by the MSBA. The arts space is above the guidelines because of the requirements of Belmont's strong arts program.

Member Libenson stated the public should understand that the project is not just a high school, it is more like two schools. That is an important reason for the cost.

Mr. Lovallo explained that the current estimate for total project cost before reimbursement is \$295 million. The per square foot cost of construction is \$533. The

Belmont contribution after expected reimbursement is \$219 million.

The construction cost is affected by the site conditions. Demo, additional roadway, fields, improvements to Concord Ave., removal of hazardous material, and phasing impose costs. The new building probably has to be on piles because of the former use of the site as a dump. A geothermal/PV energy system has a capital cost of \$8.1 million but is expected to have greater lifetime operating efficiency.

The MSBA has a complex formula for reimbursement. The key concept is “eligible” costs. Belmont has a current starting point of 35.42% for reimbursement. The Belmont design receives incentive points from the MSBA for reimbursement purposes. With the points, the reimbursement rate will be around 40% of eligible costs.

However, the effective reimbursement rate is limited by several factors. First, the MSBA applies a single reimbursement statewide rate for construction costs of \$326/sq. ft. even though Belmont’s costs would be higher. They put a cap on site costs of 8% of construction costs. Belmont’s site costs will be higher. They have restrictions on what is reimbursed for environmental abatement and they don’t reimburse for administrative spaces, the pool, or the field house.

The limits on eligible costs mean that Belmont’s contribution will be about 74% of total project cost.

There was a general discussion of environmental conditions on the site. Member Crowley suggested that Clay Pit Pond be evaluated for environmental concerns even if it is not part of the area under construction. Mr. Lovallo indicated this might be advisable.

II. Discussion and Vote on Reserve Fund Transfer

Geoff Lubien, chair of the public services subcommittee, reported a request for a reserve fund transfer by DPW to cover a deficit in the snow and ice budget for FY18. Mr. Lubien reviewed the four criteria used by the WC to evaluate reserve fund transfers. Specifically, the expense in question must be: i) unanticipated, ii) extraordinary, iii) quantifiable, and iv) that the WC be notified in a timely manner.

The initial overage in snow and ice was \$546K. After further analysis by Town Administrator Garvin and Public Works Director Marcotte, the deficit was determined to be \$458,132. A further \$110,500 became available through other savings in the Public Services budget. The reserve fund transfer request is therefore for \$347,632.

The snow and ice budget was approximately \$200K in deficit at the beginning of March. The severe weather in March caused the deficit to increase.

The subcommittee voted 4-0 to support the request.

Member Schreiber asked about the risk of the schools requiring a reserve fund transfer before the end of the year, considering that the reserve fund would be down to about \$53K after the transfer to Public Services. School Committee Rep. Burgess-Cox indicated the schools expected a deficit but one that should be covered by drawing upon Circuit Breaker funds.

Member McLaughlin moved approval of the request. The motion carried unanimously.

III. Vote on Segment A Town Meeting Articles

Chairman Epstein began with the McLean Barn project under Article 10. During the April 11 meeting, the WC was interested to get an opinion from Town Counsel George Hall on the legal and financial risk of not proceeding with the project. Mr. Hall since offered the opinion that the town did not run a material risk.

Member Weis stated that regardless of the financial or legal risk, the town had an ethical obligation to proceed with the McLean Barn project.

Member Dionne stated that the town still had other priorities that were higher than the Barn. Other projects on the horizon would benefit a lot more people.

Member Schreiber asked whether not proceeding with the project would endanger the town's relationship with McLean Hospital.

Member Crowley said he was comfortable waiting a year to identify a use for the structure before committing money on a mothballing or stabilization project.

Chairman Epstein did not see a downside to waiting a year or two so the Barn could be approached with a clearer goal for an ultimate use. He recommended at least having an initial discussion with McLean to see what their views were regarding a use.

Member McLaughlin moved unfavorable action on the McLean Barn CPA project under Article 10. The motion for unfavorable action carried 10-5.

Member Doyle moved favorable action on Article 9. The motion carried unanimously.

Chairman Epstein turned to the Special Town Meeting Article regarding the opt-out to prohibit marijuana establishments. He first asked for a motion on whether the WC should weigh in on this article at all.

Member McLaughlin moved that the WC should weigh in on the STM Article.

The discussion that followed identified the benefit of the tax revenue from Article 9 plus other tax revenue that would flow to the Health Department for prevention and treatment.

Member McLaughlin's motion carried unanimously.

The WC then turned to a vote on the STM Article itself. The Article would authorize a special election for Belmont to decide whether it wanted to permit marijuana establishments.

Member Libenson moved unfavorable action.
The motion carried by a vote of 13-1 with 1 abstention.

Chairman Epstein turned to Article 12 regarding the size of the BOS. He first asked for a motion whether the WC should weigh in on this article at all.

Member Dionne moved that the WC should weigh in on Article 12.
The motion carried by a vote of 14-0 with 1 abstention.

The WC expressed various concerns about expanding the size of the BOS at this time, including the lack of consideration of the role of the Town Administrator and lack of information on the costs and benefits of such a change in governance.

Member McLaughlin asked for a straw poll that the Chair of the WC move at the Town Meeting to postpone Article 12 indefinitely.
The WC indicated it would support such a motion by the Chair by a vote of 14-0 with 1 abstention.

Member Schreiber moved that the WC oppose Article 12.
The motion for unfavorable action carried by a vote of 11-1 with 3 abstentions.

IV. Free Cash Analysis

Chairman Epstein presented a spreadsheet model to forecast the level of free cash over the short to medium term. The purpose was to incorporate the General Stabilization Fund into the free cash analysis. The model is driven by assumptions regarding i) the amount of replenishment, ii) the size of the budget, and iii) how much the use of free cash is changing.

The model is a structured way to analyze the future path of free cash and is especially useful if the use of free cash exceeds replenishment.

The scenarios investigated with the model thus far indicate that free cash will likely fall below the guideline level by FY21. This is consistent with other analyses that indicate an operating override will be necessary by spring of 2020, or else town and schools services will have to be cut significantly.

IV. Warrant Committee Report

Chairman Epstein indicated concerns with recommendations made by the General Government subcommittee regarding property tax. One recommendation involved a new

program for property tax deferrals. The other involved a potential homeowner exemption that would shift the burden of the property tax more to rental properties and properties with higher assessments. He thought it was premature to make such recommendations until the WC had a greater opportunity to study them.

The WC recommended that such programs be studied by the WC and the Assessor before reaching any conclusions about changing current tax policy.

Chairman Epstein also flagged suggestions by the subcommittees that the town create a staff position to be a grant writer. He pointed out that the Town Administrator was also thinking about strategies for the town to pursue grants and recommended that the subcommittees review their suggestions with the Town Administrator before finalizing proposals included in the report.

V. Updates from Liaisons and Town Administrator

Member Fallon reported on behalf of the Capital Budget Committee that they will request \$600K from free cash for fire station repair. The WC will need to opine on this request.

Town Administrator Garvin reported that the BOS will vote on the Segment A articles at their next meeting. She also reported that Moody's reaffirmed the town's AAA bond rating.

School Committee Rep. Burgess-Cox reported that the schools expected a deficit that can be covered by drawing upon the Circuit Breaker account. The Belmont Youth Hockey League gave a presentation to the School Committee regarding a proposal for a new rink.

Motion to adjourn at 9:33 PM.

Submitted by Roy J. Epstein.