

Minutes of Bedford Fiscal Planning and Coordinating Committee
March 15, 2011, 6:30 p.m.

Chair: Mike Rosenberg, Board of Selectmen
Clerk: Tom Kinzer, Board of Health

Attendees: Rick Reed, Town Manager; Tom Busa, Fincom; Walter St. Onge, Selectmen; Mike Rosenberg, Selectmen; Maureen LaCroix, School Superintendent; Brad Hafer, School Committee; Michelle Matteo, Capital Expenditures Committee; Bruce Murphy, Assessors.

The meeting was called to order by Mike Rosenberg. Its purpose was to review the slide presentation to be made to the Town at 7:30 p.m. immediately following this meeting, that is, the "March 15 Budget Forum Presentation". The presentation was to be given to the Town by Walter St. Onge of the Selectmen. For this review, Town Manager Rick Reed reviewed the slides.

The relevant financial model is the one presented to the FPCC at the 2/28/11 meeting. That model differed from its predecessor in relation to the School Department's budget. Furthermore, the model carries \$150K for OPEB (Other Post-Employment Benefits). The Finance Committee wants to add an additional \$82K to this amount, probably from the unused tax levy. The Selectmen decided to keep the \$150K without the increase. Fincom may or may not change its position prior to Town Meeting on 3/28/11. For the public presentation that follows this 3/15/11 FPCC meeting, Walter St. Onge will present the slides, hopefully in about twenty minutes, and then open the floor to questions. The slide presentation and perhaps more will be placed on the Town website.

Slide 4 shows that over last decade total revenues grew by 4.1% per year but residential taxes grew by 7.38% per year. The real estate tax levy went from a 50 – 50 split between residential and commercial taxes to today's 60 – 40 split. Hopefully this gap will shrink, but it is not likely to go back to 50 – 50.

Slide 5 shows budget growth over the last decade. The schools' budget grew at a compound rate of 4.59%.

Slide 6 shows budget growth over the last decade within the Selectmen's budget. DPW, Police and Fire accounted for the majority of a 3.15% compound growth rate.

Slide 7 shows the growth in the school budget. The budget makes it appear that the overall school budget is decreasing slightly, but the Town expects to get a higher-than-anticipated (\$376K) reimbursement for special education. Also, the legislature appropriated \$562K directly to the Bedford School Department to educate Hanscom students. Therefore the schools actually should get the \$31,700K requested in the warrant plus the \$376K and the \$562K, resulting in a small increase over last year.

Slide 12 shows a noticeable recent dropoff in capital appropriations. How do we maintain our assets? How do we prioritize?

Slide 14 shows the OPEB problem, principally related to the unfunded liability of health insurance coverage for retirees. The current unfunded liability over 30 years is estimated to be \$71M. In the last two years, OPEB has grown by \$10M.

Slide 14 on OPEB triggered a discussion. Tom Busa on behalf of Fincom argued that the OPEB growth was due not only to inflating health care costs but also to the lack of a solidly-based funding plan for it. Bedford at least has an account to hold funds for these liabilities. (Many towns don't.) He offered a suggestion of \$3800 per employee per year. This is where Fincom got its estimate of \$3800 x 61 employees to get its suggested number of \$232K for OPEB. Walter St. Onge said the Selectmen want to keep the approximately \$150K the Town has allocated in recent years, wanting a firmer basis for doing anything else. More could be added at Special Town Meeting in November if desired. Michelle Matteo suggested that it's a process issue, and that a committee (possibly a subcommittee of the FPCC) could be formed to work up a recommendation on which to proceed, and warned that it's not just arithmetic but also priorities. If the Town decides to raise another \$82K, why is OPEB a better place to put it than some of the unfunded capital expenditure items? The FPCC took no formal action on this topic.

The committee agreed that the next meeting of the FPCC would be scheduled on an as-needed basis, possibly after an OPEB subcommittee has made a recommendation for future OPEB funding.

Tom Busa moved to adjourn, Mike Rosenberg seconded it, and the motion was unanimously approved.

Respectively submitted,

Tom Kinzer