

June 7, 2016

Dear Fellow Town Meeting Members:

I am writing to you to explain my reasons for sponsoring a Citizens' Petition to place Article 19 on this year's Annual Town Meeting Warrant. The motion for Article 19 reads as follows:

Moved: That the Town vote to transfer \$1,100,000 from unreserved fund balance (free cash) to the General Stabilization Fund. (*Two-Thirds vote*)

The impetus for this article was the override passed by Belmont's voters last year, the assumptions and forecasts on which that vote was based, and the commitments we made for managing the resulting revenues. In proposing a \$4.5 million override, Belmont's leadership committed to managing the additional revenues carefully so as to extend the override's impact as far into the future as possible, thus delaying the potential need for a further override. Toward this end, Town Meeting voted last year to appropriate \$1.674 million in override funds not needed in FY16 into the General Stabilization Fund, essentially banking this money to help support future budgets. In addition, voters were assured that, should the Town's fiscal position turn out to be better than was forecasted, any additional funds not immediately needed would be similarly set aside for future use.

The purpose of Article 19 is simply to fulfill that promise. Fiscal Year 2015, which ended last June 30, in fact produced results far better than had been forecasted when the override was approved. Revenues were forecasted to be \$95.3 million, but instead came in at \$97.7 million, some \$2.4 million higher; and expenditures, budgeted at \$96.3 million, actually totaled \$94.9 million, or \$1.4 million less than had been estimated. This combined difference of \$3.8 million was the primary reason that Belmont's Certified Free Cash balance was replenished to \$7.6 million as of July 1, 2015.

This year, Town Meeting is being asked to appropriate Free Cash to several critical uses: \$1.7 million to support the FY17 operating budget; \$316,000 to the OPEB Stabilization Fund; and \$1.45 million to purchase modular classrooms for the Chenery Middle School. These appropriations leave \$4.1 million. Our guidelines call for \$3.0 million of this amount to remain in Free Cash. Article 19 proposes to transfer the remaining \$1.1 million to the General Stabilization Fund, to set this money aside to meet future needs as we did with the \$1.674 million last year.

The \$1.1 million in question are truly excess funds. Not only does the proposed transfer accommodate the Free Cash appropriations identified above, but it also does not in any way impact the allocations to the operating and capital budgets that were envisioned when the override was passed. Both the FY16 and FY17 Town and School budgets have been in line with the amounts forecasted by the Financial Task Force; and the planned annual investments in Belmont's roads (\$300,000) and sidewalks (\$200,000) have been fully funded.

The General Stabilization Fund is not restricted to any particular purpose -- this money will still be available to meet any critical spending needs that may arise. At the same time, placing the \$1.1 million into the Fund means that any future appropriation of this money will need to be approved by a two-thirds majority of Town Meeting Members. It signifies our intention to conserve these funds as much as possible to support future operating budgets and increases the likelihood that they will in fact be available when needed for that purpose.

I hope you will agree with me that Article 19 is an important step both to safeguard Belmont's fiscal health and to keep the promises we made to voters to manage their money wisely, and I ask for your support for Article 19.

Thank you for your consideration,

Bob Sarno
TMM, Precinct 3