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February 11, 2013

To the Honorable, the Board of Selectman, Warrant Committee
and the residents and taxpayers of Belmont:

I herewith submit for your consideration the proposed FY14 Operating Budget for the Town of Belmont. The total proposed Budget of \$91,531,020 represents an increase of \$1,911,545, or 2.1%, over the FY13 adjusted budget. The budget increase is largely attributable to a 1.5% cost of salary increases for town employees, 4.5% cost of increase in employee health insurance, 6.7% increase in employee pension costs, non-salary increases to operations and a \$1,139,718, or 2.6% increase in the School Budget.

Belmont is not unlike other municipalities, which are at the Proposition 2½ Property Tax Levy Limit and derive a majority of their property tax revenue from residential properties, in its ability to balance revenues and expenditures on an annual basis. Absent significant increases in property tax revenues from new growth, state aid, non-property tax revenues or the use of cash reserves, the annual budget process will continue to be an ongoing challenge. FY14 is no exception for the Town.

While both the Town and School Budgets are increasing on a percentage basis in FY14, each budget reflects reductions and the inability to fully address service delivery needs. Specifically, the School Budget reflects a reduction of approximately 7.75 Full-Time Equivalent (FTE) positions and a 1.0 position reduction in the Town Budget. This budget submission **does not** utilize an additional \$684,350 for Belmont in State Aid contained in the Governor's FY14 State Budget. Based on discussions with our state elected officials and others, it is prudent to wait until the House of Representatives and State Senate submit their FY14 budget proposals to determine if all or a portion of the additional State Aid contained in the Governor's Budget will be supported and funded. Additional State Aid will allow any shortfalls and budget priorities to be addressed within Town and School Budgets.

As the table below indicates, the current estimates for revenues and fixed costs increases were better than expected when initial projections were prepared in December 2012, which avoided additional reductions.

The following are changes to the initial estimates for revenues and fixed cost expenditures.

ESTIMATED REVENUES & TOWN/SCHOOL ALLOCATIONS (\$000)

	Recap	Recap/Bgt. Adj.	12/12/2012 Preliminary Budget	2/11/2013 Submitted Budget	\$ Change	% Change
	FY12	FY13	FY14	FY14	FY13-FY14	FY13-FY14
Property Taxes	69,867	67,448	69,153	69,166	1,718	2.5%
New Growth (FY14 Only)		-	500	500	500	
Debt Exclusion	-	4,610	4,358	4,358	-252	-5.5%
	69,867	72,058	74,011	74,024	1,966	2.7%
Motor Vehicle Excise	2,600	2,650	2,650	2,650	0	0.0%
Meals	-	145	145	145	0	0.0%
Penalties and Interest	180	180	180	180	0	0.0%
In Lieu of Taxes	36	36	36	36	0	0.0%
Other Charges for Services-Ambulance	299	500	500	805	305	61.0%
Fees	145	143	143	143	0	0.0%
Rentals-COA	5	5	5	5	0	0.0%
Departmental-Library	40	43	43	43	0	0.0%
Departmental-Cemeteries	130	125	125	125	0	0.0%
Departmental-Recreation	680	700	700	700	0	0.0%
Other Departmental	151	174	174	174	0	0.0%
License and Permits	700	715	715	756	41	5.7%
Fines and Forfeits	161	148	148	148	0	0.0%
Earnings on Investments	100	115	100	100	-15	-13.0%
	5,227	5,679	5,664	6,010	331	5.8%
State Aid	7,457	7,711	7,672	7,715	4	0.1%
MSBA Reimbursement	382	382	382	382	0	0.0%
	7,839	8,093	8,054	8,097	4	0.0%

	Recap FY12	Recap/Bgt. Adj. FY13	12/12/2012 Preliminary Budget FY14	2/11/2013 Submitted Budget FY14	\$ Change FY13-FY14	% Change FY13-FY14
Other Available- Free Cash	2,000	2,000	2,000	2,000	0	0.0%
Other Available- Free Cash (FY12 Carryover)		150			-150	-100.0%
Other Available- Parking Meters	60	60	60	60	0	0.0%
Other Available-Bond Premiums	60	68	68	68	0	0.0%
Other Available-Overlay Reserve Transfer	125	235	235	235	0	0.0%
Other Available- BMLD Payment	650	650	650	650	0	0.0%
Other Available-Water	158	158	160	160	2	1.3%
Other Available-Sewer	125	125	127	127	2	1.6%
Other Available- Capital Endowment	100	100	100	100	0	0.0%
Other Available-Other	494	243	-	-	-243	-100.0%
Other Available-Total	3,772	3,789	3,400	3,400	-389	-10.3%
Total Available Revenues	86,705	89,619	91,129	91,531	1,912	2.1%
					2.1%	
Fixed (Non-Variable) Costs						
Overlay	881	852	800	800	-52	-6.1%
State Charges	1,497	1,644	1,685	1,660	16	1.0%
Debt Service	5,577	5,297	5,036	5,036	-261	-4.9%
Retirement Assessment	5,071	5,283	5,635	5,635	352	6.7%
Roads Override- Capital	1,132	1,160	1,189	1,189	29	2.5%
Minuteman Assessment	880	940	987	858	-82	-8.7%
Fixed Costs	15,038	15,176	15,332	15,178	2	0.0%
Total Operations	71,667	74,443	75,797	76,353	1,910	2.6%
Change (small variance due to rounding)		2,776	1,354	1,910		

- State charges reflected a 1% increase instead of a 2.5% in the Governor's FY14 Budget
- Minuteman Vocational School assessment reflected a decrease in FY14 instead of an increase due to a smaller budget increase (3.8% vs. 5%) and a reduction in the number of Belmont students attending Minuteman
- State Aid – The original estimate reflected a 2% or a \$39,000 decrease in Unrestricted General Government Aid (UGGA). The amount used is level funded from FY13.
- Retirement Assessment – Every two years the Retirement Board conducts an actuarial study to determine the Retirement System's unfunded liability and a correspondent funding schedule to achieve full funding of the liability. Original estimates called for a \$351,450 or a 6.7% increase to the existing appropriation of \$5,278,816. The results of the actuarial study indicated a substantially larger percentage increase in FY14. The Retirement Board has reviewed the initial results of the study and has revised the proposal funding schedule to meet the estimated 6.7% increase projected for FY14, while keeping the current funding schedule to eliminate the unfunded liability by 2027, which is ahead of the 2040 deadline established by the State.
- In addition the FY14 Budget includes \$1,100,000 Capital Budget (Discretionary), which reflects a \$200,000 reduction from FY13. This change reflects a reduction of a one-time allocation provided in the FY13 Budget.
- Overall, these changes allowed for an additional \$408,987 to be used in the Budget over the initial \$1,557,000 estimated increase revenue. In addition, \$345,975 in new revenues has been added to offset corresponding expenditures, which are described below.

Budget Process

In developing a "present level of service" budget, Town Department Heads were asked to carefully review their budgets to ensure that any one-time items were identified for reduction or reallocation. Additional guidelines included that any non-salary operating items with contractual or known increases must be budgeted and not knowingly under budgeted. Energy budgets were to be budgeted to reflect cost increases.

Salary and Benefit budgets were allowed to increase to reflect negotiated salary increases, increments, health insurance and Medicare increases. Vacancies were reviewed during the process.

Department Heads submitted their FY14 Budget requests to the Town Administrator in early January 2013. Department Heads met with the Town Administrator, Assistant Town Administrator, Town Treasurer, Town Accountant and the Human Resources Director to review budget requests. Changes to departmental budget requests were made during this process.

In addition, Town and School Officials continued to work collaboratively to share information as their respective budgets were being developed and changes to revenue and estimated fixed cost increases were identified.

Also, during this process, meetings between local and state elected officials, Town and School officials, were held to share information. This process allowed information to be shared between the various stakeholders to ensure that accurate and complete information was provided prior to submission of our respective budgets. Information and updates were also provided to the Warrant and Capital Budget Committees.

The following is a summary of the major revenue sources used to fund the FY14 Budget.

Revenues

Real Estate and Personal Property Taxes

The property tax is the Town's largest and most stable source of revenue growth. The FY14 Budget estimates that \$74 million will be derived from this revenue source, which is 80.9% of total revenues. This amount includes an estimated \$500,000 from property taxes from new constructions (new growth). New growth is the only way that a municipality at the Proposition 2 1/2 levy limit can generate additional property tax revenue. Without the estimated new growth of \$500,000 in FY14, the Town would only be able to use \$1.7 million in additional property tax revenue to fund its budget based on a 2 1/2 percent increase allowed by law. The amount of property taxes used to finance debt exclusions reflects the debt schedule for the approved projects. In FY14 there is a reduction in a debt costs for an athletic field bond issue, which accounts for the reduction in the amount required. The Board of Assessors is reviewing calendar 2012 information to determine the validity of the \$500,000 initial estimate and may make adjustments accordingly during the budget process.

State Aid

The amount of State Aid (Local Aid) revenue used in the FY14 Budget from the two major categories of Local Aid (Chapter 70 Education (School) Aid and Unrestricted General Government Aid (UGGA)) are assumed to be level funded from FY13. The Town estimates to receive a total of \$7,634,033 from these two major Local Aid categories. Total State Aid including other categories is estimated at \$7,714,830, or 8.4% of total revenues used to fund the FY14 Budget.

The FY14 State Budget proposed by the Governor in January 2013 reflects additional \$631,130 in Chapter 70 School Aid and an additional \$53,220 in new Formula Aid to the Town. However, based on the uncertainty of the support by the House of Representatives and Senate of the Governor's Budget proposal and the assumptions used to fund these increases, these additional revenues have not been used in the FY14 Budget. Once the House of Representatives submits its budget in the Spring and the Senate thereafter, we will have a clearer indication of the likelihood of receiving all or a portion of the additional State Aid contained in the Governor's Budget Proposal.

In addition, the Town receives a \$382,498 reimbursement from the Massachusetts School Building Authority (MSBA) for the construction costs for the Chenery Middle School. In FY15, the final principal and interest payment of \$1,133,000 for this project will be made, which will also mean this offsetting revenue will no longer be available. This means in FY16, property tax bills will reflect the reduction in debt service of \$1.1 million for this project.

Other Taxes

In addition to the Property Tax (Real Estate and Personal Property), other taxes including Motor Vehicle Excise (\$2,650,000), Meals Excise (\$145,000), Penalties and Delinquency Interest Payments (\$180,000) and In-Lieu-of Taxes (\$36,000), are a major source of revenue to the Town. These tax revenues total \$3,011,000 in the FY14 Budget and represent 3.3% of total revenues.

Free Cash

Free Cash is funds remaining from the operations of the previous fiscal year, which are certified by the State Department of Revenue (DOR) Director of Accounts as available for appropriation. Essentially, this means actual revenues collected were in excess of budget estimates and expenditures were below budget. The Town's certified Free Cash figure is \$5,825,793 as of July 1, 2012, which is an increase from \$4,904,820. This increase was a result of several factors such as, receiving a one-time reimbursement from Federal Emergency Management Agency, additional State Aid, actual ambulance receipts being higher than estimated, additional building permit fees, unexpended balances in the snow and ice budget, reserve budget and the like. The FY14 Budget uses \$2,000,000 in Free Cash, which is the same amount used in FY13. This revenue represents 2.2% of total FY14 revenues.

However, the ability to consistently use Free Cash annually to fund the Budget will depend upon our ability to substantially replenish the amount used each year. Failure to do so will result in a reduction in the total available balance. If the \$2.0 million amount that is currently used is reduced, it will require a corresponding reduction in expenditures, unless replacement revenues are identified.

Other Revenues

Additional revenues used to fund the FY14 Budget include: Belmont Municipal Light Department Payment-in-lieu-of-taxes (PILOT) \$650,000, Ambulance fees (\$804,750), Recreation fees (\$700,000), Building Permits (\$551,225). The total of these revenue items total \$2,705,975 or 3.0% of total FY14 revenues.

Initiatives

Advanced Life Support Services

The FY14 Budget contains funding within the Fire Department Budget to implement an Advance Life Support (ALS) Program. The Town currently provides a Basic Life Support (BLS) service. Advanced Life Support Services provides the highest level of pre-hospital emergency medical care to residents. The ALS response unit is staffed by Firefighters who are State Certified Emergency Medical Technician-Paramedics. Paramedics administer medications, intravenous fluids, perform electrocardiograms and cardiac monitoring. Typical calls requiring ALS responses and intervention include: respiratory distress, cardiac events, severe trauma, seizures, strokes and the like.

Overall, an in-house ALS service operated by the Town will provide enhanced Emergency Medical Services to citizens, increase level of medical care and faster response times. Currently, ALS Services are provided by a private third-party, which receives reimbursement for these services. The total cost of implementing the program is \$247,750. This amount includes \$90,000 in start-up costs for the purchase of two cardiac monitors, and consumable supplies.

An additional \$57,000 has been allocated to the Capital Fund Budget for the purchase of a replacement ambulance and equipment for the ALS/BLS program. It is recommended that \$57,000 will be budgeted annually for five years to fund the full cost of purchasing a replacement ambulance and cardiac monitors.

The total cost of the program in FY14 is \$304,500. In year two, the \$90,000 required for start-up costs for equipment and materials would be available for distribution to the operation budgets.

Total FY14 ambulance revenues have been budgeted at \$804,500: \$304,500 in estimated new revenues from implementing the ALS program, which will be used to cover start-up costs and capital allocation for replacement equipment as described above and the current \$500,000 budgeted.

The implementation of ALS provides service delivery enhancements, while proving revenue streams to support the operating budget in future years as well as providing a dedicated funding source for a replacement ambulance and equipment. The implementation of the ALS program is dependent upon ratification of the fire fighters contract for FY12-14 by its membership. The Board of Selectman has approved the implementation of the program.

Wiring Inspector Services

The FY14 Budget includes \$41,225 to implement a joint wiring inspector program with the Town of Watertown (subject to appropriation), similar to the Plumbing and Gas inspector program. The cost of this shared program is covered from the revenues generated from wiring permit fees. Wiring inspections are currently performed by the Municipal Light Department. However, the addition of wiring inspector services to the Inspectional Services Division within the Community Development Department will allow for better-coordinated services.

Recreation Department

The FY14 Budget reflects the reduction of the vacant Recreation Director's position. This reduction has been accomplished with a change in the reporting structure of the Recreation Department implemented in the current fiscal year. The Director of Public Works is now responsible for overall Recreation Department functions and employees with the assistance of the Recreation staff. This change formalizes the current operating practices and coordination that currently exists between the Public Works and Recreation Departments. In addition, this restructuring provides for permanent administrative leadership and support for recreation functions, which allows for reduction of the Director's position. The Recreation budget has not been moved from the Culture and Recreation function category to maintain the purpose of the category.

Community Development

The FY14 Budget reflects the change in the reporting structure of the Planning Division, which was implemented in the current fiscal year. The Planning Coordinator and Economic Development and Planning Manager Positions now report directly to the Director of Community Development instead of the Town Administrator. This change provides for a more logical and efficient reporting structure based on the required interaction between the planning, economic and community development functions for Town projects and related duties. Effective coordination and communication will be vital as we move forward on projects such as: the parking management plan for Belmont Center, the replacement of the Macy's store with a possible new retail use, modifications to the existing inclusionary by-law, Cushing Village development and other projects.

Expenditures

The following is a listing of significant budget modifications made to the Town Budget for FY14:

Town Clerk

Additional funding of approximately \$43,000 has been included to provide for 6 elections in FY14. This reflects the addition of three elections as a result of a special U.S. Senate General election and a possible U.S. Representative primary and general election.

Human Resources

Reduction of \$23,500 budgeted in FY13 to conduct a pay and classification study, which is anticipated to be completed by the end of FY13.

Auditing

Reduction of \$11,000 related to the cost of the Other Post Employment Benefit (OPEB) Actuarial Study, which was initiated in FY13. This study is required to be every two years. Offset by \$3,450 in operating increases.

Police Department

Net increase of \$30,409 in non-salary accounts to cover cost increases for computer and radio maintenance, vehicle repair supplies, fuel, training and other operating increases.

Fire Department

The majority of the increases are related to the implementation of the ALS program described above, which is covered from increased revenues. Other increases for vehicle and equipment maintenance, training and other operating increases are also included. The overtime budget has been increased by \$20,925 to reflect percentage wage settlements.

Community Development

Increase of \$41,225 to cover the cost of implementing shared wiring inspectors with the Town of Watertown. Wiring permit fees covers this budget increase.

Department of Public Works

Net increase in non-salary account totals \$152,879. This is comprised of the following: Snow Removal - \$9,226 to cover the increased cost of salt/sand and contracted snow removal; Solid Waste - \$73,406 to cover 3% contractual increases for trash collection; Parks and Facilities -\$11,502 to cover electricity cost increases (14%); Street Lighting - \$36,400 to cover electricity cost increases (14%) and other operating increases.

Library

Net increase in non-salary account of \$20,922 to cover estimated cost increase for contracted custodian services contract and building maintenance repairs.

Recreation

FY14 budget reflects the savings of \$71,524 with the reduction of the Recreation Director's position and restructure reporting within the Department of Public Works.

Debt Service

The FY14 budget for Debt Service has been reduced by \$261,399 to reflect the savings from a debt issue for an athletic field being retired in FY14.

Health and Other Insurance

Estimated cost increase for health insurance is projected to be 9% based on current year claims experience and estimated costs increases. Half of this increase is being funded through the Health Claims Trust Fund in order to mitigate the cost increase to 4.5% for the Town and employees. Property and Liability Insurance premium costs are estimated to increase by \$29,109.

Program Priorities

The FY14 Town and School budgets were developed using a “present level of service” approach. However, if additional revenues become available, the following is a list of program priorities that reflect the needs of Town and School Departments in providing services. This listing is not in any priority order and will be modified to match additional resources that may become available later in the process.

- Capital Budget - Additional funding for Town and School Capital Projects to support requests (\$200,000) and additional funding for the Pavement Management Program for street repair and reconstruction (\$200,000)
- Facilities - Funding to provide additional resources to the Department of Public Facilities for maintenance projects for Town and School buildings (\$150,000)
- School Department – Funding to restore all or a portion of the 7.75 FTE positions (\$427,000)
- Police Department - Reinstate School Resource Office position (\$70,000)
- Health Department - Implement full-time hours for current Youth and Family coordinator position to provide for community health education and family outreach services (\$35,000)
- Council on Aging - Provide 20 hours per week in July and August of social worker services (\$6,000)
- Accounting - Provide funds for an intern to provide assistance in preparing fixed assets schedules, accounts payable processing and other accounting office duties (\$16,000)
- Fire Department - Reinstate 2 Firefighter positions to bring fire group total to 13 members in anticipation of staff turnover. Possible funding from SAFER grant is still unknown (\$120,000).
- Public Works -Restore 2 positions in Public Works Divisions, which have been reduces in prior budgets (\$96,000)

Ongoing Challenges

The development of FY14 Budget and future budgets will continue to be challenging.

As discussed earlier, cities and towns, which are at the Proposition 2 ½ property tax levy limit, can only obtain additional revenues to fund their budgets in three ways. First, through additional property taxes generated from “new construction” (new growth). Second, from increased non-property tax revenues (motor vehicle excise, meals excise, fees, building permits, state aid) and third from the use of reserve balances, such as Free Cash.

Generally, new growth in property taxes has yielded approximately \$500,000 annually to the Town. In some years, this amount can be higher based on economic activity. \$500,000 in new growth amount is already assumed in the annual revenue estimates. Unless there is significant and on-going residential and commercial development in the Town, we cannot assume that this \$500,000 estimate amount will change significantly.

The FY14 Budget assumes the use of cash revenues (free cash) in the amount of \$2.0 million, which is the same amount used in the current FY13 Budget. The replacement of Free Cash is generated by revenues received in a fiscal year being higher than estimated and expenditures being lower than budgeted. The current balance in Free Cash is \$5.8 million. This amount will be reduced by \$2.0 million in FY13 and another \$2.0 million in FY14, leaving an estimated balance of \$1.8 million less any transfers to the Other Post Employment Trust Fund (OPEB) as a result of the recently adopted policy. The FY13 OPEB transfer amount is estimated at \$254,000.

It is unlikely that the total \$4.0 million used in FY13 and FY14 will be fully replaced. Assuming that \$1.0 million in Free Cash will be replaced each year in FY13 and FY14, this translates into an estimated balance of \$3.8 million at the end of FY14 less any transfers to the OPEB Trust Fund.

Therefore, the consistent use of Free Cash is not sustainable - potentially not beyond FY14. The Town may receive some unexpected one-time-revenues but the long-term use of the Free Cash will eventually be problematic and will require an adjustment at some point. A reduction in the amount of Free Cash used in the FY15 Budget will translate into service reductions in Town and School Budgets unless alternative revenue sources can be identified.

It should also be noted that Free Cash balances provide the Town a reserve to draw from for unexpected major expenses and not for ongoing operations. Also, a 10% reserve fund balance is one of the factors that the rating agencies consider in developing their rating for municipalities.

As noted above, the increase in non-property tax revenues is limited. Significant State Aid increases on an annual basis should not be expected. In addition, the FY14 School Budget uses \$420,000 in one-time revenues to mitigate additional expenditure reductions. The FY15 Budget already has a \$420,000 deficit before we begin the current budget process.

For the aforementioned reasons, I believe the Town Budget has a structural revenue problem, which will impact our ability to continue to provide the same level of Town and School services in the future. I will be working with the Town and School Officials to develop a long-range financial plan to determine the extent of this problem in future years for presentation to the Board of Selectmen, School Committee, Warrant Committee and Capital Budget Committee.

In addition to operating budget issues, there is a number of pending capital projects, which will require funding if they are to move forward.

These include the following:

Underwood Pool/Playground

A feasibility study is underway to determine the cost and ability to provide a replacement pool and multi-purpose field at various locations on the site. The current pool has reached its useful life and will fail at some point in the near future.

Library Project

The Town has received a \$7.6 million Grant from the Massachusetts Board of Library Commissions (MBLC) to construct a new Library, which has an estimated cost of approximately \$19 million. The proposed site of the new library is located across the street from the current location on School property. This will require a transfer of land to the Town. If the contingent transfer of land is approved by the School Committee, it will require that a replacement field be identified, which is one of the purposes of the Underwood Pool/Park Feasibility Study. Local funding for the remaining balance of the cost of the Library project must be identified by June 30, 2013, unless a six-month extension is granted by the MBLC.

Incinerator Site

The Board of Selectmen voted to request that legislation be filed by our state delegation to transfer the Incinerator Site located on Concord Avenue to the Town for Recreation, Public Works or other Municipal uses. If approved by the Legislature and Governor, the Massachusetts Division of Capital Asset Management (DCAM) will conduct an appraisal of this property and use it to determine a value, which the Town may be required to pay. However, the legislation that has been filed contains language that, if approved, allows the Town to receive a credit towards the appraised value for costs it will incur to remediate the site of ash. The Town is required by the Department of Environmental Protection to provide mediation for this site due to its use as a Town Incinerator. Failure to receive credit for remediation costs may require the Town to provide payment to the State for the use of this site in the future. This is in addition to any cost to provide for recreational or other uses.

High School Project

The Massachusetts School Building Authority did not approve the Town's latest "Statement of Interest" (SOI) for funding renovation to Belmont High School. A new application process is underway and the School Department is preparing a new SOI, due in the spring 2013. A working group is reviewing the feasibility study, which was produced several years ago for the High School to identify any programmatic modifications that should be considered as part of the process in developing a new SOI. MSBA will review submitted SOIs and is anticipating that it will notify districts in the fall if they are eligible to move forward in the process.

If approved for MSBA funding, the High School project will require a significant financial investment from the community. A higher total project cost from the initial \$60 million estimate contained in the feasibility is not unrealistic. If approved, the total cost will be offset by a MSBA reimbursement of approximately 30-40%, depending upon funding criteria.

Minuteman

Another Capital Project that may potentially affect Town finances will be the renovation or new construction of the Minuteman facility. Belmont is one of the 16 Towns, which comprises the Minuteman District, which provides vocational education. As a member district, the Town is responsible for the cost of any school building renovations based on the enrollment of Belmont students attending Minuteman.

Minuteman has received a Grant from the MSBA to conduct a feasibility study to determine the size of a new facility based on projected enrollment and cost. In addition to students who attend Minuteman from member districts, Minuteman accepts students from other communities, which are not part of the district (non-member districts). Non-member districts pay tuition to Minuteman for the students it sends from their community. Non-member districts are not currently required to contribute to any major capital improvements, such as the renovation project currently being considered.

It has been the position of the BOS, Warrant Committee, Capital Budget Committee and the Belmont Minuteman School Committee representative, that member districts should not bear the full cost of renovations or new construction without some financial support of non-member districts. Otherwise, the scope of the project should only accommodate the enrollment of member districts.

The BOS provided a Minuteman School Committee with a letter in September 2012 requesting that no final decision on the scope of renovations based on projected enrollments be made until each member has an opportunity to evaluate the analysis of the alternatives. In addition, if no unanimity is reached between member districts regarding the size of the student population the facility will be designed to accommodate, no further funds should be expended from the MSBA grant. A final decision on the preferred option is scheduled for late 2013. There has been ongoing discussion with the Minuteman School Committee on this proposal with no resolution to date.

There are other developments, which have occurred since the fall. An Owner's Project Manager has been hired by Minuteman, which is funded by the MSBA Grant to manage the process in developing the feasibility study and incorporating the concerns of member districts in the process. In addition, Legislation has been filed to increase the MSBA reimbursement rate from 40% to 60% for vocational schools and would benefit this project if approved since it would lower the overall cost of the project to member districts. However, the issue facing the Town will be if it supports a building project that accommodates an enrollment larger than for member district enrollment (approximately 450 students) without substantial reimbursement from the MSBA or financial participation from non-member districts.

In addition to the above, the Town faces Capital Budget issues related to a new Skating Rink, Public Works facility and Police station.

Conclusion

I encourage readers to review each department's budget narrative in detail, which provides information on operations, accomplishments and performance measures. We have made improvements to our budget process and document as part of the FY14 budget process. We will continue to work on making improvements in the future. In FY13 many accomplishments have been achieved, which are described in individual department narratives. Some of these accomplishments include:

- Organization of two Precinct Meetings for Town Meeting members in December 2012 by the BOS to provide information on Budget, Capital Projects and other issues facing the Town.

- Secured federal and state funding to begin the Trapelo Road/Belmont Street roadway reconstruction project, which is scheduled to begin later this year after the bidding process is completed by the State.
- Planned replacement of water mains in Belmont Center, which are in some cases over a hundred years old, as part of a multi-year plan to improve our utility infrastructure.
- Planned completion of the feasibility study for the Underwood Pool and Playground to determine possible options and costs for a replacement pool and multi-purpose field.
- A formal Community Preservation Act (CPA) allocation process was developed by the Community Preservation Act Committee, which resulted in the recommendation of \$959,000 in CPA Funds for nine projects. Town Meeting will consider these projects in May.
- Approval of an Other Post-Employment Benefits (OPEB) Policy by the BOS and Warrant Committee proposed by the Town Treasurer. This policy allocates reserves to fund liabilities for retiree health benefits.
- In FY13, the Board of Assessors successfully completed the triennial Department of Revenue (DOR) certification of real and personal property valuation process. This certification validates the valuation models and processes used by the Board of Assessors to establish property values.

Belmont is a vibrant Town, with engaged citizens who volunteer countless hours serving on Boards, Commissions and Committees. The issues facing the Town are numerous as highlighted above, but by working together we can find solutions to these issues which maintain our Town and School services while investing in our infrastructure.

I look forward to working with the Board of Selectman, School Committee, Warrant Committee and Capital Budget Committee in the months ahead as we finalize the best possible Budget for Town Meeting approval in June. We welcome any suggestions, comments or feedback from Town Meeting members or citizens concerning the FY14 Budget. Individuals can e-mail comments to Selectman@belmont-ma.gov or to dkale@belmont-ma.gov

Very truly yours,



David J. Kale
Town Administrator



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