

# Town Meeting Member Training



INTRODUCTION TO  
BELMONT TOWN MEETING  
MAY 31, 2016

# Belmont Town Meeting – Overview



- Role of Town Meeting
- Preparation of the Warrant
- Conduct of Town Meeting
- Belmont's Budget and Key Financial Issues

# Belmont's Budget and Key Financial Issues



- Background
- Budget Overview
  - Revenue by Source
  - Expenditures by Department
- Free Cash and Stabilization Funds
- Long-Term Trends

# Warrant Committee



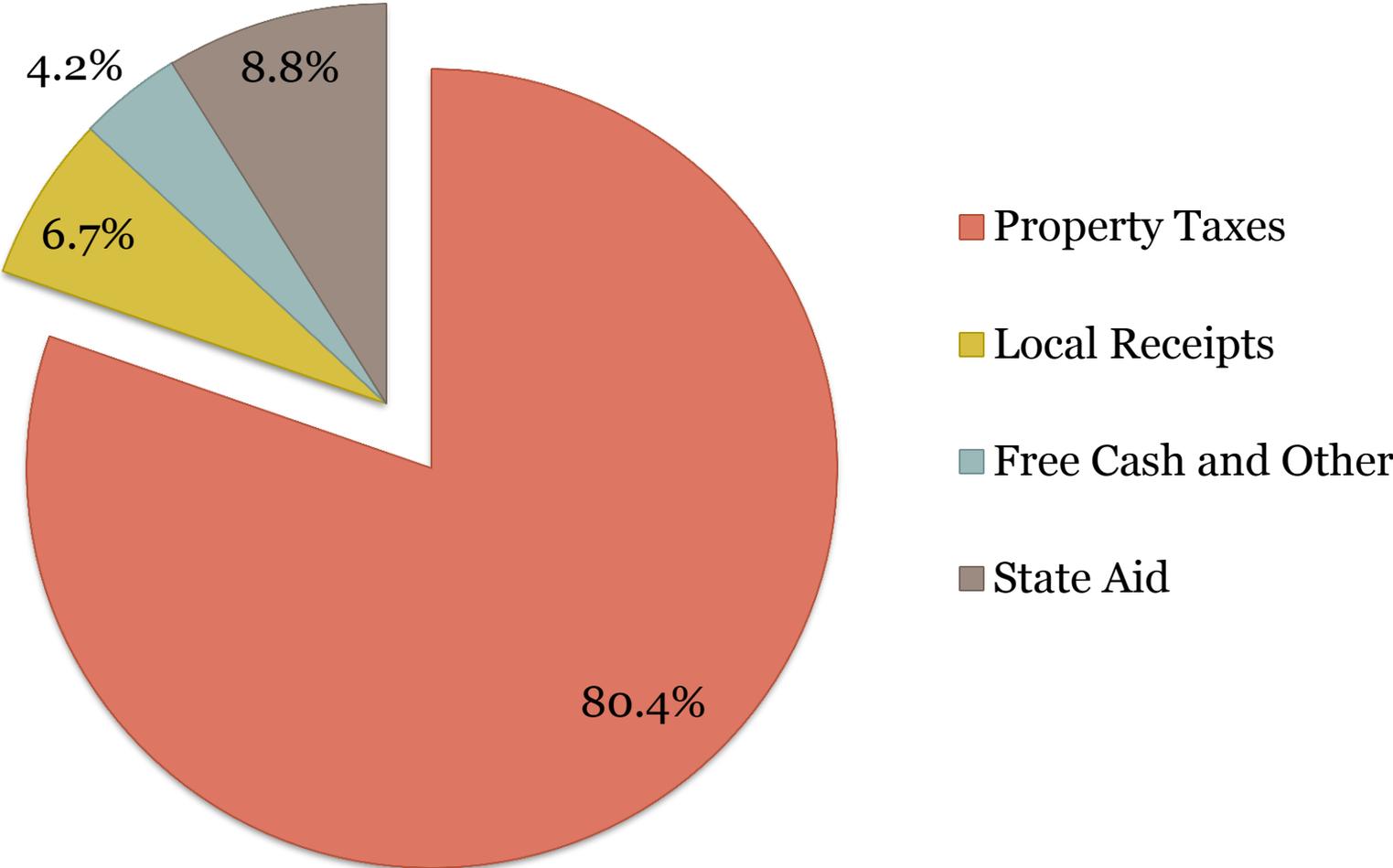
- Belmont's Finance Committee: Advisor to Town Meeting
  - Up to 17 members, appointed by Town Moderator, BOS and SC reps
  - Make recommendations on all appropriations
  - Warrant articles with a meaningful financial impact
- Budget Generation: Warrant Committee Report
  - Oversight of budget process with BOS / TA and School Committee
  - Subcommittees generate report; outlines key issues, summarizes entire budget
- Warrant Committee Reserve Fund: \$400K

# FY 2017 Budget – Background

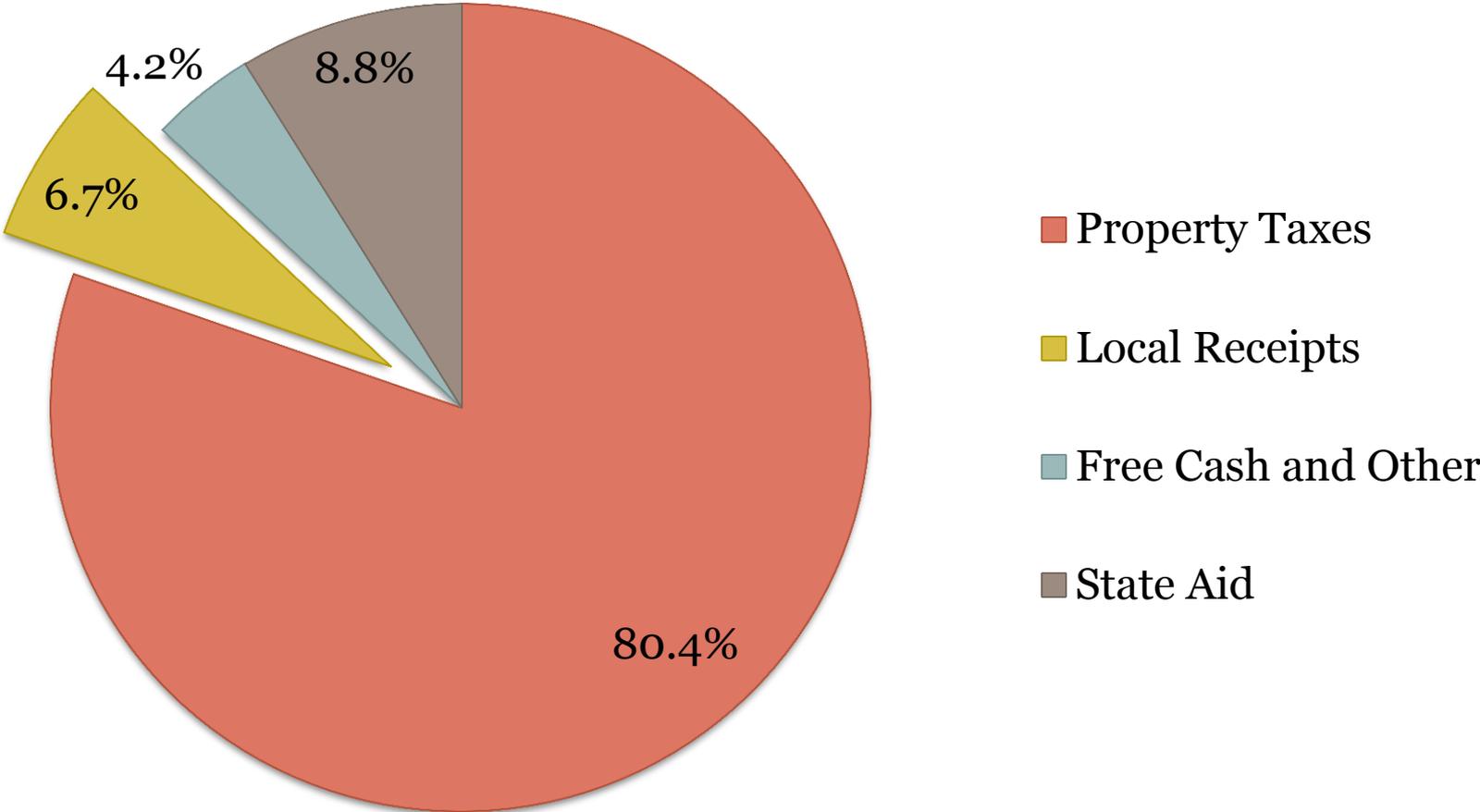


- Collaborative effort of strong, seasoned team
  - Town and School Leadership, BOS, SC, CBC, and WC
- Budget targets set and adjusted in 2015
  - Initial allocation made based on FTF model / override assumptions
  - Override again had substantial impact on ability to absorb new costs
- Budgets drafted by Town and School Departments
  - BOS, SC, CBC oversight; WC Subcommittees
- Final budget voted Apr. 26/May 11; WC Report sent May 18

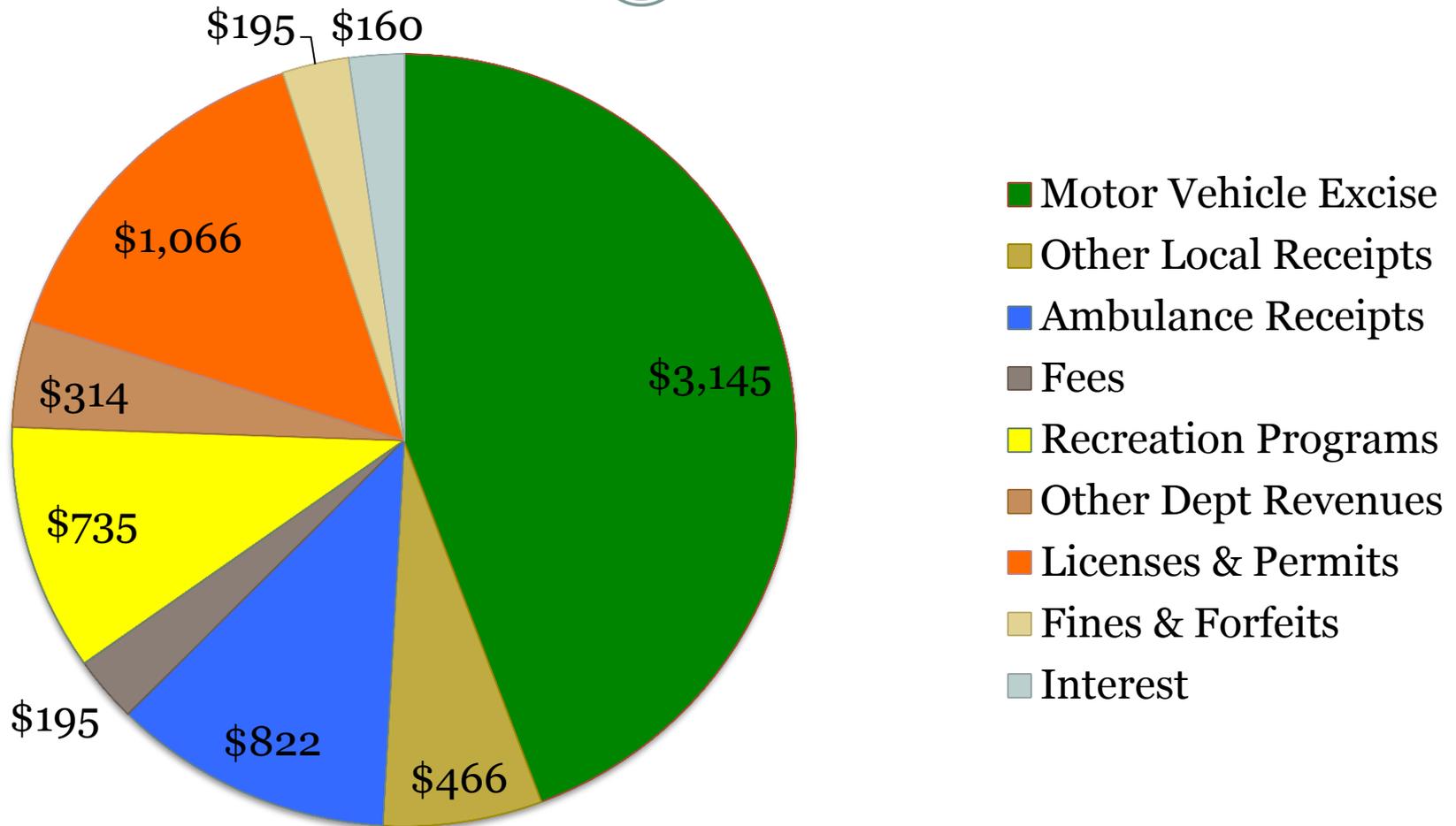
# FY 2017: \$106.3 MM in Available Revenue



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# \$7.1 MM in Local Receipts



# FY 2017 Budget Overview: \$106,331,620

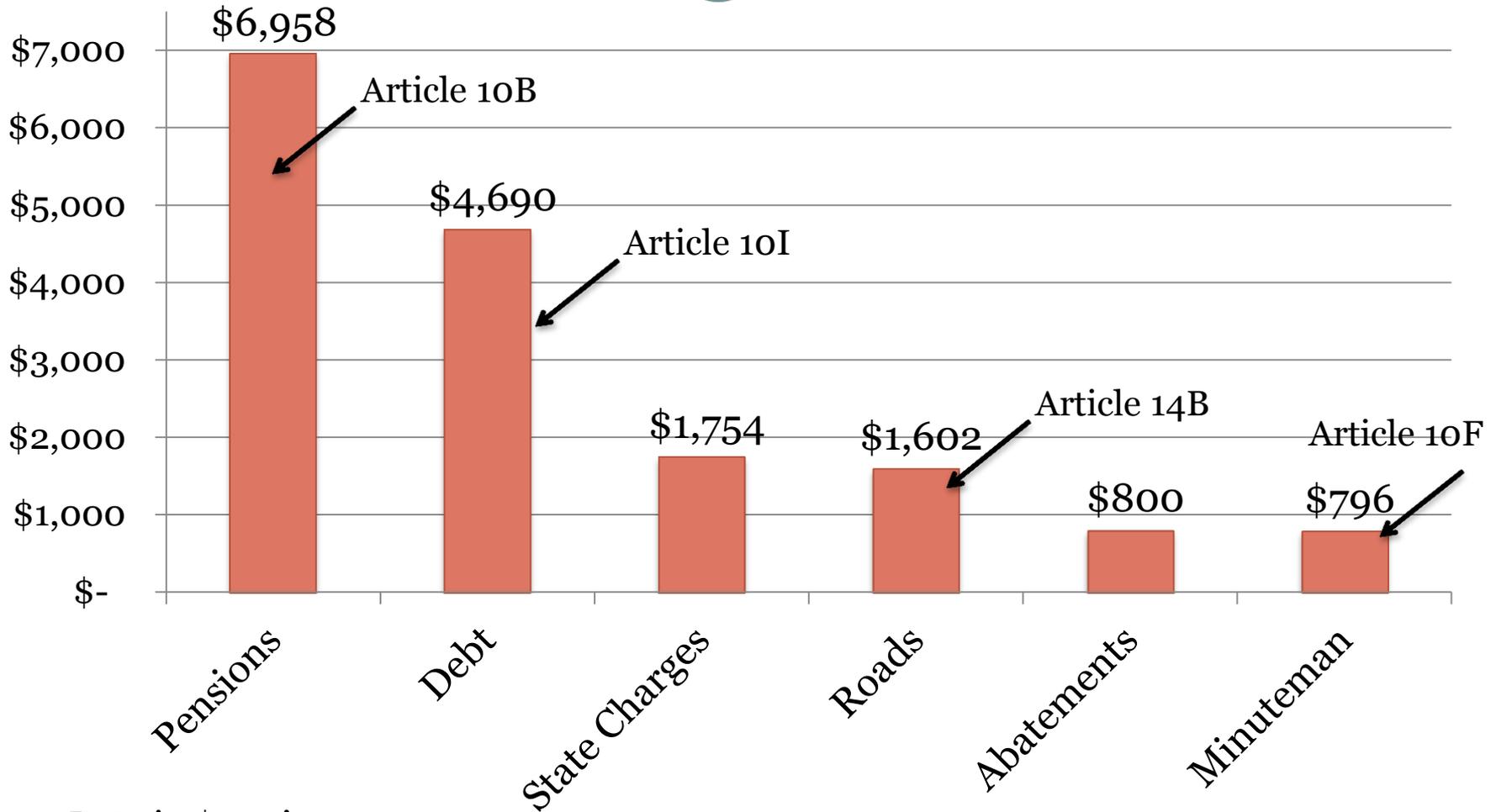


|                                | FY2016<br>(Adj.) | FY2017     | % Change | Notes                        |
|--------------------------------|------------------|------------|----------|------------------------------|
| <b>Total Budget</b>            | \$ 100,303       | \$ 106,332 | 6.0%     | 5.0% without fire settlemt.  |
| minus fixed costs*             | \$ 15,827        | \$ 16,600  | 4.9%     |                              |
| <b>equals operating budget</b> | \$ 84,476        | \$ 89,732  | 6.2%     |                              |
| School                         | \$ 49,660        | \$ 50,127  | 0.9%     | 6.0% without Facilities chg. |
| Town                           | \$ 32,998        | \$ 36,974  | 12.0%    | 4.0% without Facilities chg. |
| Capital Budget (Discretionary) | \$ 1,818         | \$ 2,631   | 44.7%    | 7.2% w/o fire & other chgs.  |

\* Fixed Costs: Pensions, Debt, Roads, State Charges, Abatements, Minuteman

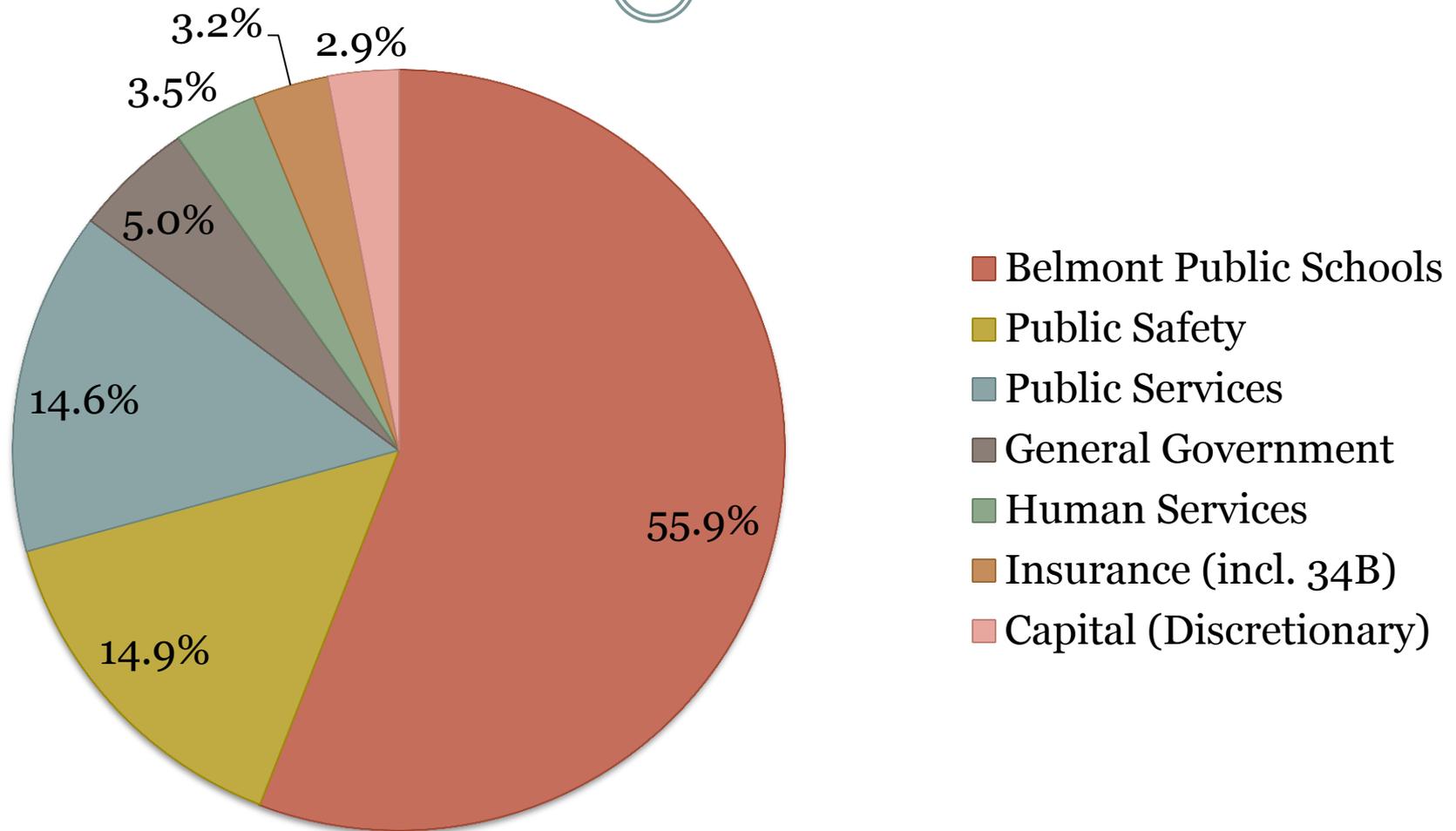
Note: \$ in 000's

# \$16.6 MM in Fixed Costs: Components

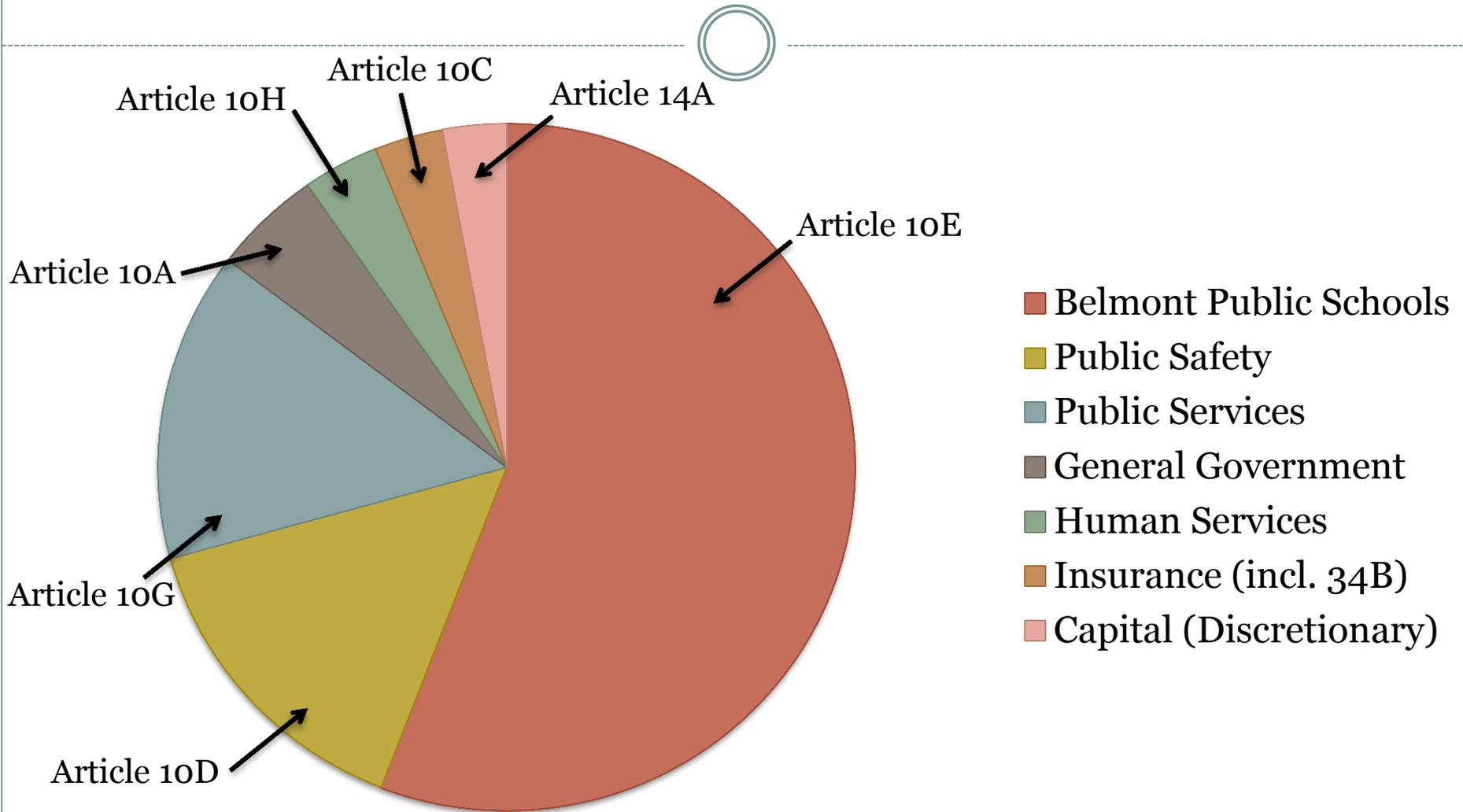


Note: Data in \$000's

# FY 2017 Operating Budget: \$89,731,639



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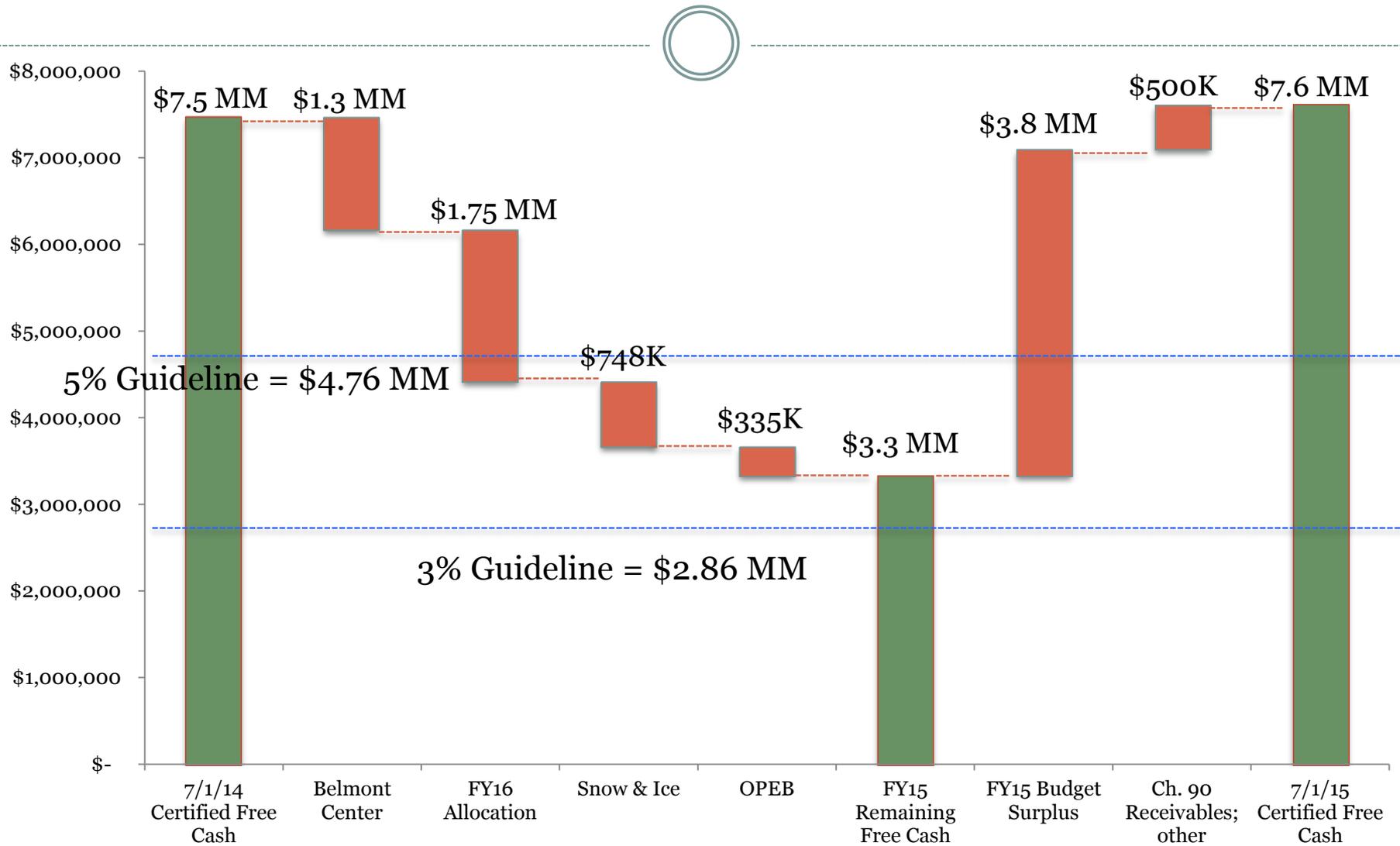


# Some Highlights

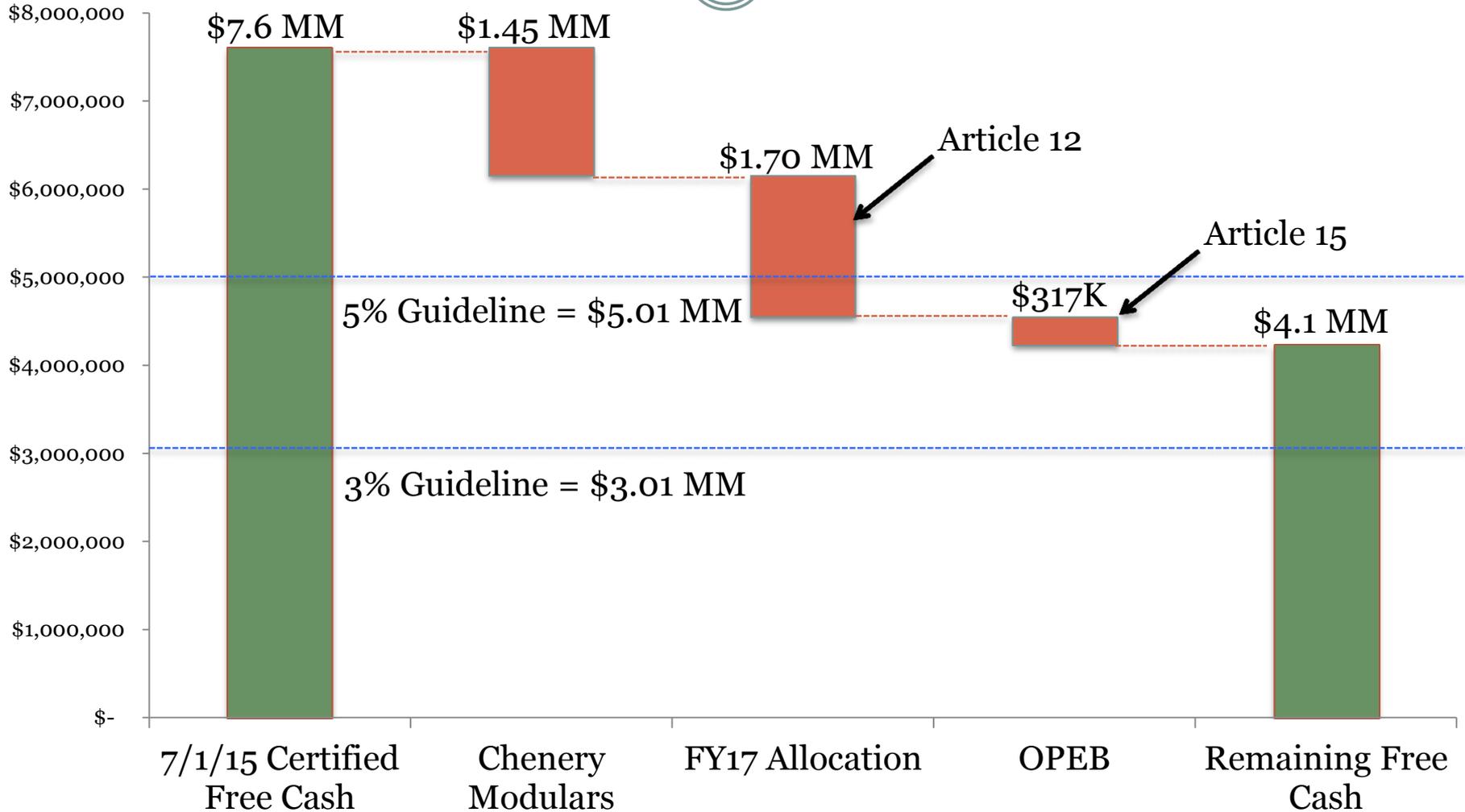


- Municipal departments funded at level service or better
- School Department funded to cover growth
  - 5 FTE increase; additional funds for Special Education (up \$1.7MM)
  - Enrollment up 675 in 10 years, w/ 400 more forecast in next 4 years
- Healthcare costs again relatively flat (2.5% increase)
- Again, \$2.5 million on roads and sidewalks
  - Effectively, maximum spending possible on roads

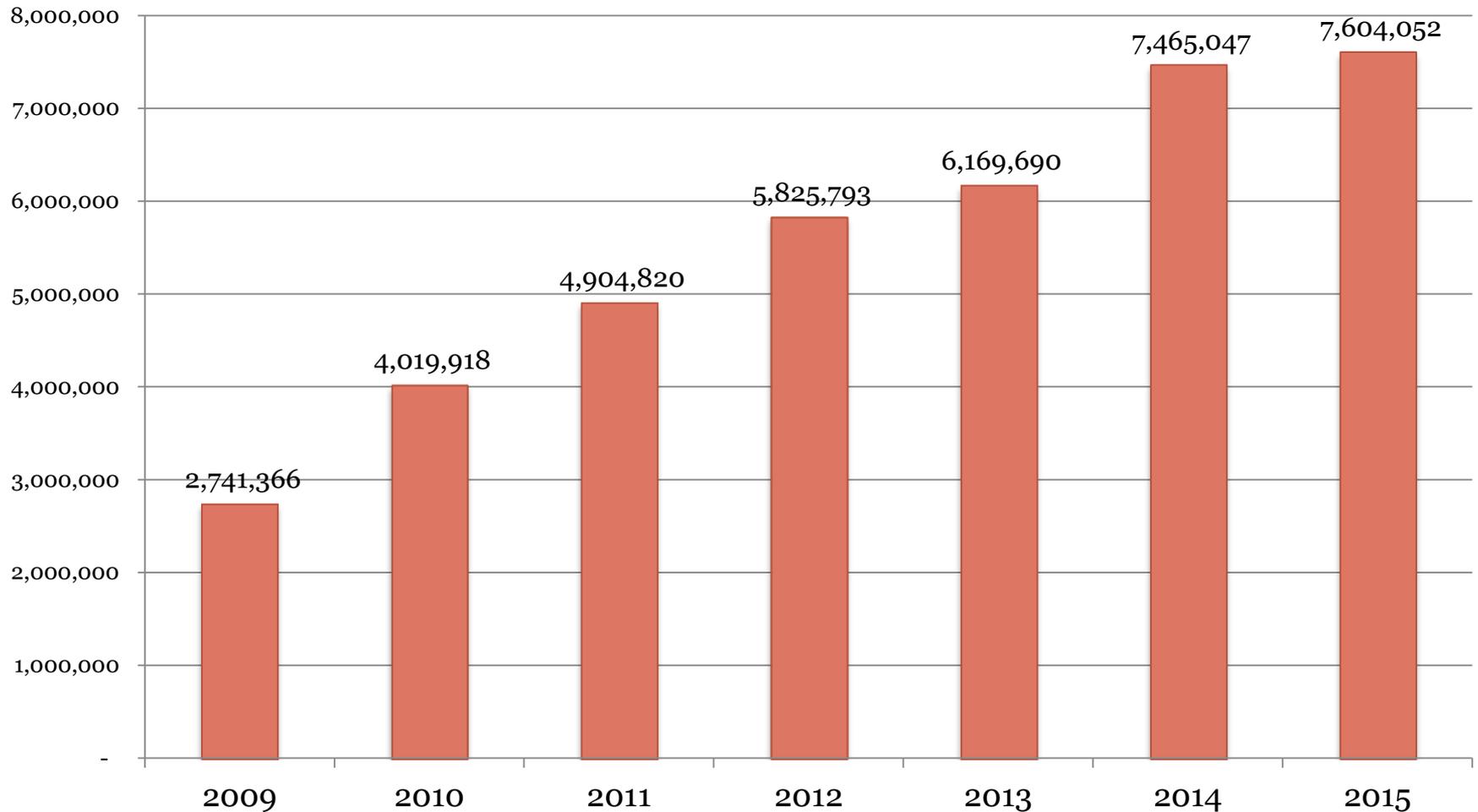
# Free Cash: 2015-16 Uses and Replenishment



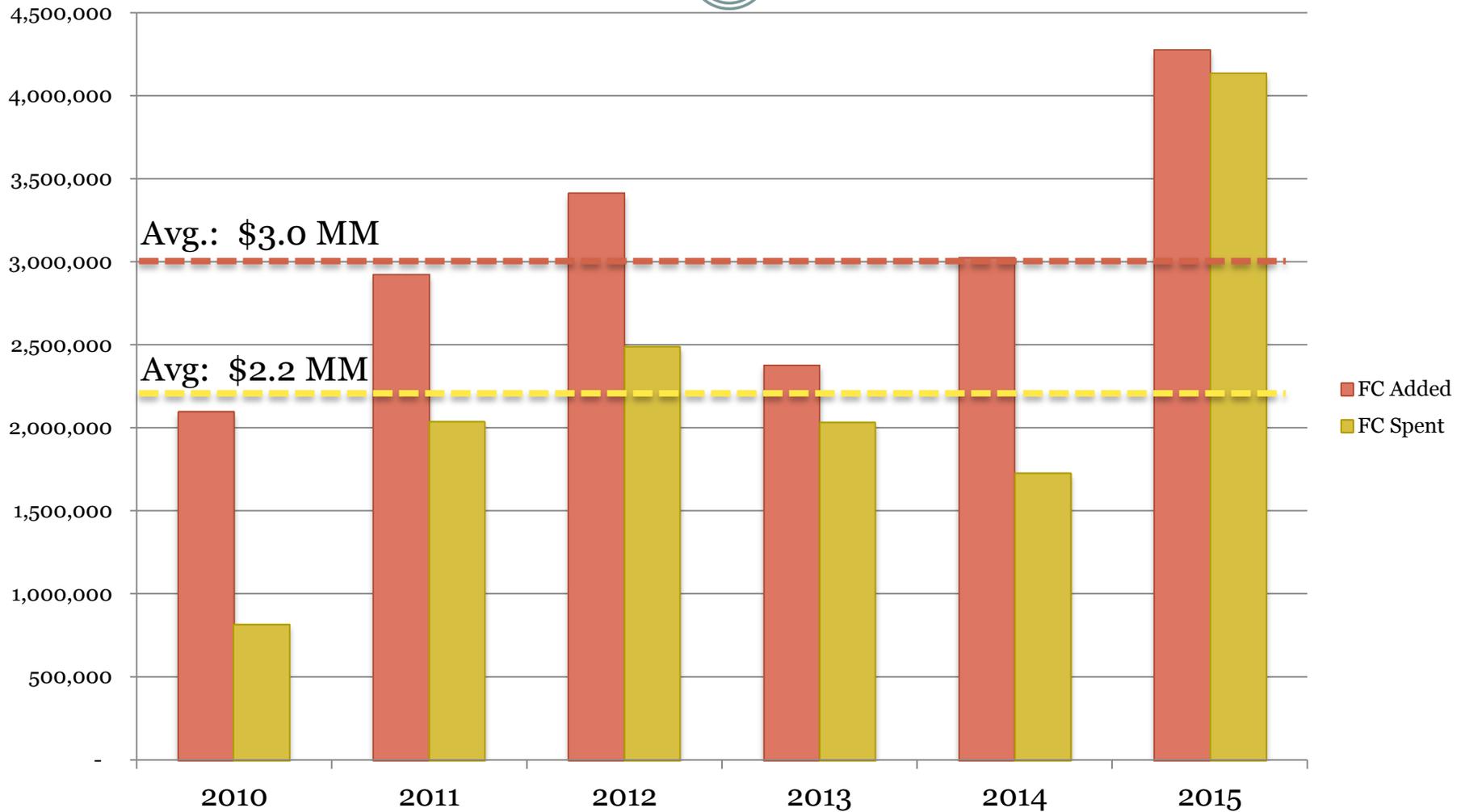
# Update on Free Cash



# Belmont's Free Cash: 2009-2015



# Free Cash: Replenishment vs. Use



# Four Stabilization Funds



- **General Stabilization Fund**
  - Article 11: \$150,000 (levy capacity)
  - Article 19: \$1,100,000 (free cash)
  - On top of last year's \$1,674,069)
- **OPEB Stabilization Fund**
  - Article 15: \$316,530
- **Capital / Debt Stabilization Fund**
  - Police Station, DPW, Library; BHS funded from Woodfall Road
- **Special Education Stabilization Fund**

# Long-Term Trends



- Employee compensation
- Enrollment growth and mandated school costs
- Capital, maintenance, and infrastructure
- Pension and healthcare obligations, including OPEB

# Compensation



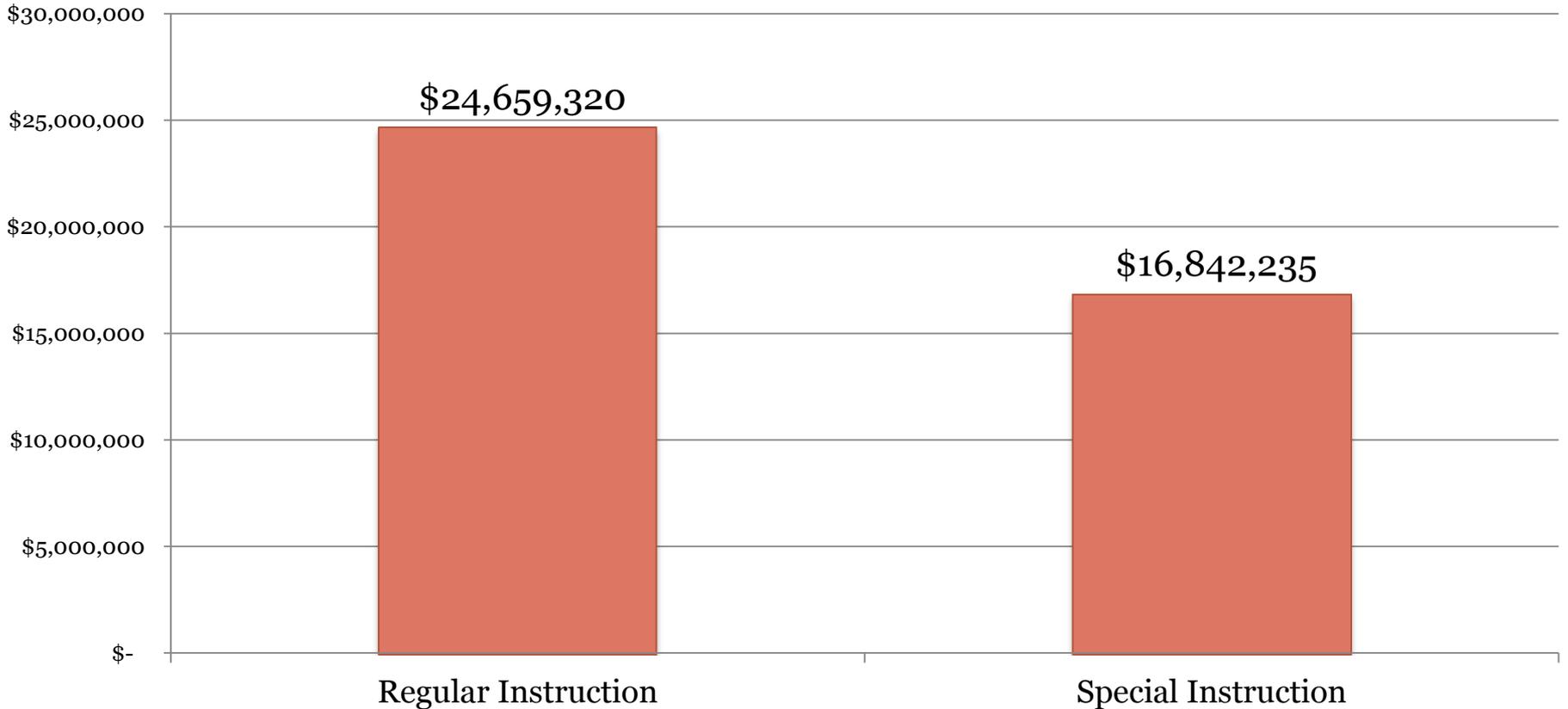
- “Town of Homes” = 2.5 – 3.5% revenue growth
- Employee compensation is 68.0% of budget
- Comp. growth > revenue growth = #1 challenge
  - 5.4% salary growth in School budget (2013-2017); partly headcount
  - Step & Lane growth mitigated by attrition; new are are lower cost
- Important negotiations next year will play key role

# Enrollment and Special Instruction



- 675 in-district K-12 students added since 2006
  - 400 more forecast in next 4 years; 106 from Cushing Village/Uplands
  - Have added teaching staff to keep pace
- Special Instruction costs (SPED & ELL) growing 12.5% (FY17)
  - Special Ed costs increasing \$1.7MM in FY17 (largest increase in budget)
  - Compared to 2.6% growth in Regular Instruction costs in FY17
- Circuit breaker (>\$40K) and federal IDEA grants

# Mandated School Costs are Substantial

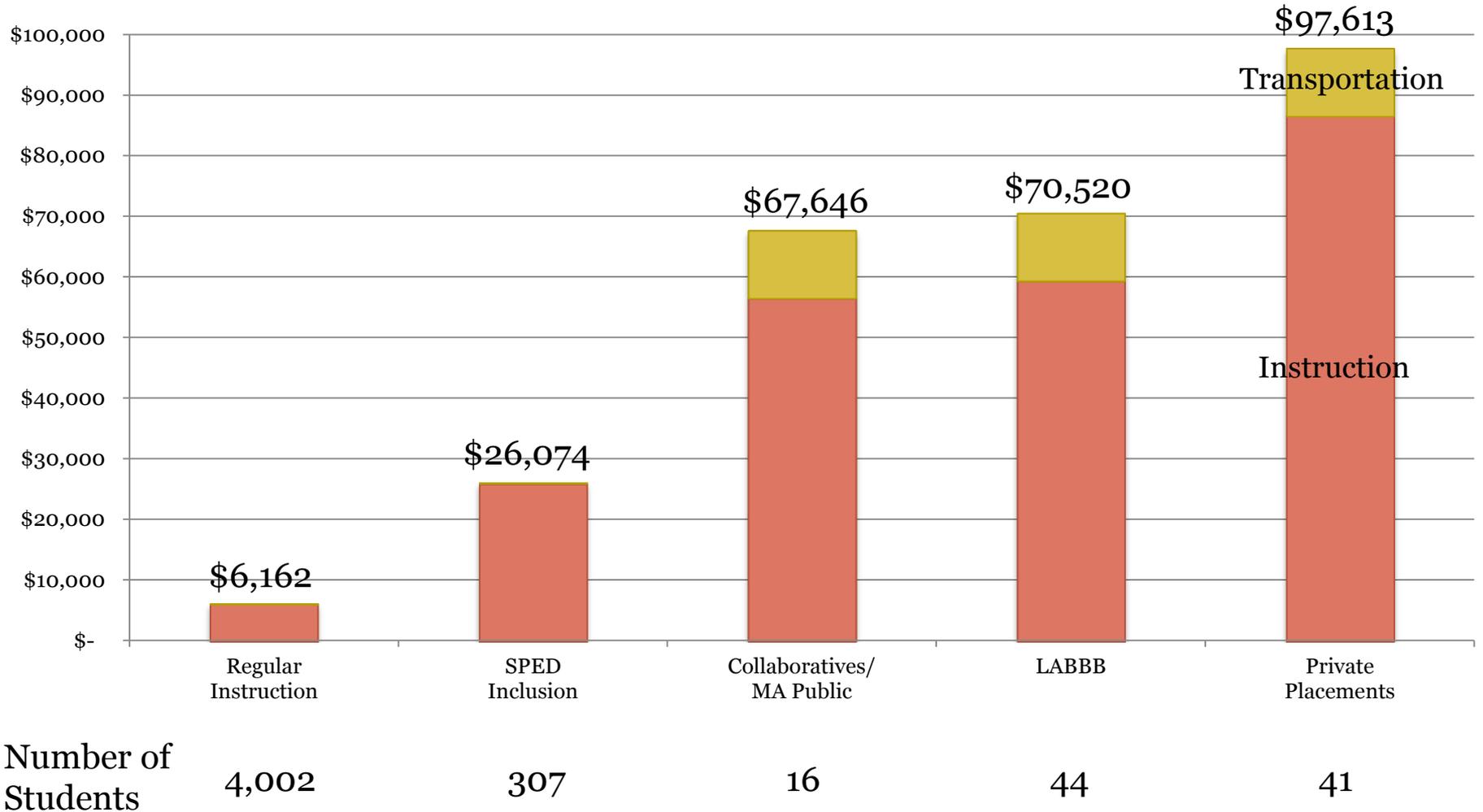


|                              |         |
|------------------------------|---------|
| Number of K-12 Students      | 4,002   |
| Instruction Cost per Student | \$6,162 |

|          |
|----------|
| 408      |
| \$41,280 |

Note: Totals include instruction, substitutes, benefits, transportation, ELL, and out-of-district tuitions

# Significant Variation in Educational Costs



Note: Uses average transportation cost of \$103 per student in-district and \$11,173 out-of-district

# Capital, Maintenance, and Infrastructure



- Underfunded roads and sidewalks for decades
  - 2007 study: 69% of roads require rebuilding from dirt up
  - Now spending \$2.5 MM in FY17; close to maximum possible
- Consolidated Facilities
  - Better planning for preventative maintenance; shifted costs
- Belmont High School
  - MSBA, building committee, \$1.75 MM appropriated (Woodfall Road sale)
- Police Station, DPW Facility, and Library

# Pensions and OPEB (Retirement Health)



- Pensions
  - \$7.0 MM contribution in FY 2017; 7% increase over FY 2016
  - On track to fully fund by 2027, prior to 2040 state requirement
  - Biennial valuation; work w/ Retirement Board re. options
- Other Post Employment Benefits (OPEB)
  - GASB 45: pay-as-you-go \$2.8 MM + \$317K stabilization fund
  - \$173 MM unfunded liability; “all in same boat”; further study
  - Managing via health plan design, Medicare for eligible, 50% contribution; current pension funding switch to OPEB in 2027

# Pension Costs are Planned to Grow at 7% / Year

