



Warrant Committee Report Town of Belmont FY 2025 Budget

May 2024

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2023-24 Warrant Committee Members

William Anderson
Tom Caputo
Fitzie Cowing
Sue Croy
Deepak Garg
Anne Helgen
Geoffrey Lubien (Chair)
Conor McEachern (Secretary)
Robert McLaughlin
Melissa Morley
Lynn Peterson Read
Paul Rickter (Vice Chair)
Matthew Taylor (Through March 2024)
Marie Warner
Jack Weis

Ex officio

Meghan Moriarty (Chair, School Committee)
Roy Epstein (Chair, Select Board)

Executive Summary

Report of the Belmont Warrant Committee to Town Meeting May 2024

Authorization: *As prescribed by the Town of Belmont's Bylaws, it is the duty of the Warrant Committee to consider for all town meetings all articles in the Warrant that involve an appropriation of money and to report thereon to Town Meeting. The Warrant Committee is specifically charged with recommending a budget to Town Meeting and such recommendations are contained herein.*

Warrant Committee Purpose and Duties

The Warrant Committee (many towns use the label "Finance Committee") consists of up to seventeen members appointed by the Town Moderator for staggered three-year terms. One representative from the Select Board and one from the School Committee serve as ex-officio members. The Warrant Committee elects its officers: Chair, Vice-Chair and Secretary. The Town By-Laws give the Warrant Committee responsibility for reporting and making recommendations to Town Meeting on any article that involves the appropriation of money. The most significant is the annual Town budget where the Warrant Committee, representing Town Meeting, will present its annual budgetary and capital positions to Town Meeting. The Warrant Committee also reports on any matter that in the Committee's judgment significantly impacts the Town's financial interest. In addition, the Warrant Committee reviews and approves all requests for transfers from the Reserve Fund. Established by Town Meeting, the \$500,000 Reserve Fund is designed for unbudgeted, emergency expenditures that arise during the year.

The Warrant Committee has also developed high level concepts to guide the Committee through meeting its responsibilities to the Town specified in the Town By-Laws for the Warrant Committee. The following are these concepts:

- Balance the level of community services with our dependence on residential property tax revenue.
- Maintain and adhere to the Town's Comprehensive Financial Policies.
- Plan sustainable budgets with a multi-year focus.
- Advise Town Meeting on the budget and other matters that affect the financial interests of the Town.

Overview of FY25 Budget Process and Key Decisions

Beginning in the fall of 2023 and through the winter of 2024, there were four FY25 Budget Summits that resulted in further refinement for an improved budgeting process. Below represents the process followed, where early on it was clear that a significant override was necessary to just maintain the level of services provided in FY24:

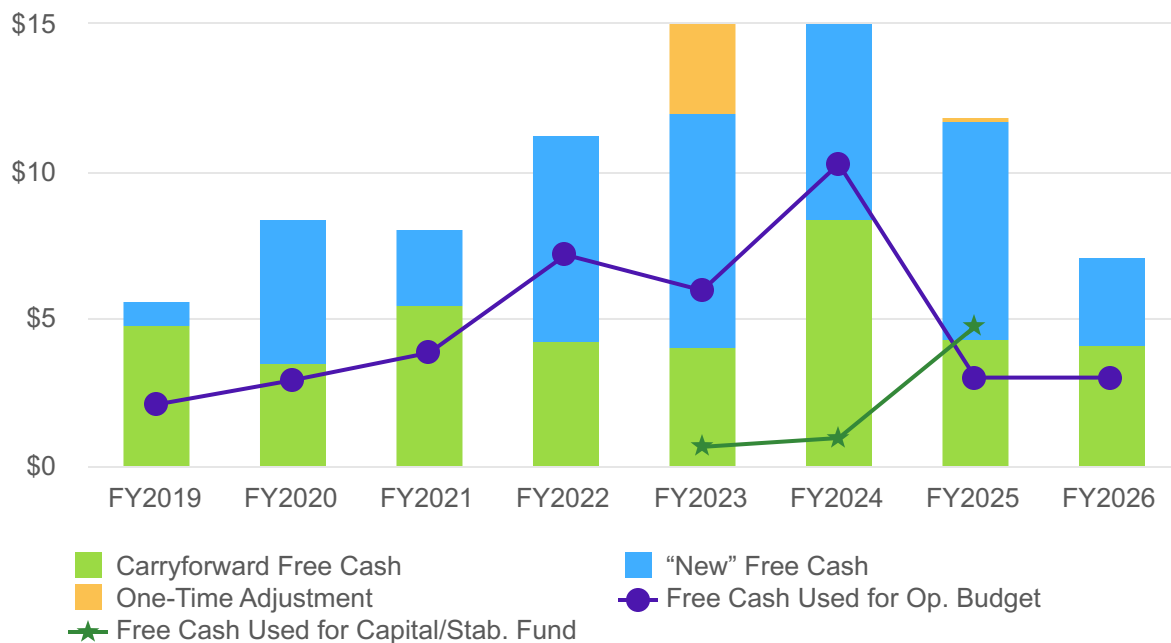
- Host a series of Budget Summits with increasingly precise revenue projections. Discussions to inform later iterations.
- Develop budget projections for "core services" that are funded first – refined alongside revenues.

- Identify remaining revenue that the Town Administrator and School Superintendent use to inform their recommended budgets given determined needs.
- Determine and agree to the level of one-time funding (or lack thereof) and potential override amounts used to supplement revenues.
- Create two sets of budgets for both the municipal and school budgets: one for a successful override in April 2024 and one if the override was not successful.
- Review multi-year budget forecasts and the impact of one-time funds, reserve balances, successful or unsuccessful override for FY25 and projected future budget challenges.

In the Fall of 2023, there was significant attention and analysis on the continued use of one-time funds (which, when received, flows to Free Cash for Town Meeting to appropriate later) and a multi-year financial outlook that indicated a sizable operating override (\$7.5 million) would be needed for the FY25 budget to maintain the current level of services with no reductions in employees for both the municipality and the schools. Eventually, the Select Board put on the ballot an \$8.4 million override that included additional investment in sidewalks (\$250,000) and the remainder (\$650,000) for the schools to invest in bringing more special education services in district and updating its outdated curriculum.

A detailed analysis was also done to determine that the amount of one-time funds to be utilized from one year to the next should be increased from \$2 million to \$3 million based on expected annual department budget turnbacks and excess revenue. This is a significant reduction in one-time funds that had been used over the last several budget cycles, which ranged from \$5-\$10 million, see Chart 1. Going forward, any additional one-time funds received above the \$3 million that will be used in the operating budget will be used for capital projects or appropriated to either a General or Capital Stabilization Fund.

Chart 1: Free Cash Experience in Recent Fiscal Years and Projected



Overview of FY25 General Fund Revenues and Expenses

The FY25 recommended General Fund budget is \$161.32 million, up \$8.49 million or 5.6% from FY24 Table 1.¹ The majority of the increase comes from the School operating budget of \$3.98 million, or a 6.3% increase, with the municipal General Fund portion of the operating budget increasing \$0.70 million, or about 0.2%. Shared Services is \$50.37 million, up \$1.37 million, a 2.8% increase. The FY25 budget is supported by the successful approval by the voters of a \$8.4 million proposition 2½ override which, combined with the normal 2.5% increase in the tax level and a new growth estimate of \$860,000, results in a \$12 million or 11.3% increase in the overall property tax level, see Table 2. Based on the recent analysis mentioned previously, \$3 million of Free Cash is recommended to support the operating budget. The remaining Free Cash usage will be addressed in a later section.

Table 1: Summary of FY25 General Fund Budget vs. FY24 (\$ million). Compares the recommended FY25 General Fund budget expenditures to corresponding data for FY24. This FY25 budget is as of May 15, 2024, and is subject to minor adjustments before the June Town Meeting. FY24 budgets for each department will be discussed in detail in this report.

¹ The General Fund budget does not include expenditures budgeted under the Enterprise Accounts (i.e., water and sewer), the Belmont Housing Trust, or Belmont Light.

Table 1: Expenses	FY2025 Projected	FY2024 Estimated	\$ Change	% Change
Belmont Public Schools	\$66.89	\$62.89	\$4.00	6.4 %
Regional Schools	\$0.23	\$0.75	-\$0.51	(68.6)%
Total Education	\$67.12	\$63.63	\$3.49	5.5 %
General Government	\$5.64	\$5.22	\$0.42	8.0 %
Public Safety	\$14.56	\$14.16	\$0.40	2.8 %
Public Services	\$9.75	\$10.57	-\$0.82	(7.8)%
Health and Human Services	\$3.43	\$3.35	\$0.08	2.4 %
Total Municipal Government	\$33.38	\$33.31	\$0.07	0.2 %
Facilities	\$7.57	\$7.52	\$0.05	0.7 %
Pension Assessment	\$9.87	\$10.04	-\$0.17	(1.7)%
Employee Benefits	\$16.07	\$15.62	\$0.45	2.9 %
Debt Service	\$15.51	\$14.64	\$0.87	5.9 %
Other Shared	\$1.33	\$1.17	\$0.15	13.2 %
Total Shared Services	\$50.35	\$49.00	\$1.36	2.8 %
Capital - Streets	\$1.95	\$1.90	\$0.05	2.5 %
Capital - Sidewalks	\$0.50	\$0.24	\$0.26	105.1 %
Capital - Discretionary	\$3.41	\$1.79	\$1.62	90.3 %
Total Capital	\$5.86	\$3.94	\$1.92	48.8 %
Other Warrant Articles (OPEB, Stabilization Funds)	\$4.61	\$2.96	\$1.65	55.9 %
Total Spending	\$161.32	\$152.83	\$8.49	5.6 %
Net Budget Surplus/(Deficit)	\$0.00	\$0.00	\$0.00	0.0

Note: Data does not include expenses budgeted in Enterprise Funds including Belmont Light. Calculations reflect rounding.

Table 2: FY25 Expected General Fund Revenues vs. FY23 Revenues (\$ million)

Revenues	FY2025 Projected	FY2024 Estimated	\$ Change	% Change
Property Tax Levy	\$118.24	\$106.23	\$12.00	11.3 %
Levy for Exempt Debt	\$14.08	\$13.14	\$0.93	7.1 %
Total Tax Levy	\$132.31	\$119.38	\$12.94	10.8 %
State Aid	\$14.77	\$14.61	\$0.16	1.1 %
Local Receipts	\$8.22	\$10.06	-\$1.84	(18.3)%
Available Funds	\$8.00	\$11.55	-\$3.55	(30.8)%
Revenue Offsets	-\$3.15	-\$3.10	-\$0.04	1.4 %
Enterprise Receipts	\$1.17	\$0.94	\$0.23	24.2 %
Total Revenues	\$161.32	\$153.43	\$7.89	5.1 %

As shown in Table 1, the FY25 General Fund budget is 5.6% higher than in FY24. The school operating expenditures funded by the General Fund are expected to increase by 6.4%. It is important to note, however, that in addition to the General Fund, the Belmont Public Schools also draw revenue from grants and revolving funds and remaining Covid funds as shown in Table 3.

Table 3: FY25 Total Belmont Public School Budget (\$ million)

<i>Belmont Public Schools</i>	FY25	FY24	\$ Change	% Change
General Fund	\$66.89	\$62.89	\$4.00	6.4 %
Grants & Revolving, Other	\$9.01	\$7.73	\$1.28	16.5 %
Covid Funds	\$1.00	\$0.97	\$0.04	4.1 %
TOTAL - ALL SOURCES	\$76.90	\$71.59	\$5.32	7.4 %

Enterprise Funds

Belmont maintains separate Water Enterprise and Sewer Enterprise Funds. The Enterprise Funds receive revenues from rates charged for these services that are used to fund expenses incurred in the operation and upkeep of the Town's water and sewer system, including storm water management. The total expenditures for the Enterprise Funds are summarized in Table 4.

Table 4: Enterprise Funds Expenditure Summary (\$ million)

	FY25	FY24	\$ Change	% Change
Water	\$7.99	\$7.88	\$0.11	1.4 %
Sewer	\$10.45	\$9.80	\$0.65	6.6 %
Total Enterprise Funds	\$18.44	\$17.68	\$0.76	4.3 %

Use of One-Time Funds

Please note that the previous fiscal year's free cash cannot be appropriated until it is certified by the Department of Revenue, which normally occurs in the month of October of the current fiscal year. As a result of this timing, the free cash used in the current fiscal year's appropriation is from the amount certified from two fiscal periods before. Thus, the amount of free cash used in the FY24 budget was certified in FY22. The only exception would be if there was an appropriation of free cash made at a fall Special Town Meeting after the certification of the previous fiscal year where the previous fiscal year's free cash can be allocated to the current fiscal year.

As a result of the successful operating override in April 2024 of \$8.4 million, the use of unreserved fund balances or "Free Cash" for the FY25 operating budget is \$3 million, down significantly (-70.7%) from the \$10.2 million used in FY24. The use of \$3 million is in line with the new policy of only using this amount for the operating budget with any addition free cash allocated to capital projects and stabilization funds. All allocations are contingent on sufficient Free Cash reserves that comply with the Town's Financial Policy of 3-5% of the previous year's operating budget. the Warrant Committee has consistently shared its concerns over the continued reliance on significant one-time funds to balance the budget and strongly recommends that this new policy be adhered to ensure the past does not repeat itself.

The Free Cash balance at the end of FY23 (June 30, 2023) was certified, at \$11.8 million. While down from the prior year this represented another year of elevated Free Cash due to challenges filling open positions - especially on the municipal side – and conservative fiscal management as well as other revenues greater than budgeted, such as ambulance receipts and building permits. Table 5 includes the breakdown of the factors that contributed to the significant balance at the end of FY23.

FY23 started off with a more modest Free Cash carry-forward balance of \$4.36 million because a significant portion was used for the operation budget in FY24 (over \$9 million) and \$950,00 was transferred to General Stabilization. The municipal and school departments' expenses shifted during the pandemic and many costs were covered by federal grants (like ARPA funds) resulting in higher turnbacks. Also, with many municipal vacancies due to turnover and a challenging job market, most municipal departments did not spend their full FY23 budgets. The Town Accountant continues to focus on identifying unneeded prior-year purchase orders which will never get to a \$0 balance but will continue to lessen.

Table 5: Free Cash Sources (Millions) Fiscal Year-end

Category	FY2020	FY2021	FY2022	FY2023
Carryforward	\$4.03	\$4.13	\$7.84	\$4.36
Excess Revenues	\$0.94	\$3.84	\$1.49	\$2.12
Town Salaries	\$1.16	\$1.71	\$0.55	\$0.46
Town Expenses	\$0.71	\$1.18	\$1.25	\$1.11
Town Benefits	\$0.10	\$0.82	\$0.84	\$0.25
Subtotal Town	\$1.97	\$3.72	\$2.64	\$1.82
School Salaries	\$1.27	\$1.32	\$0.65	\$0.17
School Expenses	-\$0.80	\$0.88	-\$0.36	-\$0.43
School Benefits	\$0.35	\$0.19	\$0.40	\$0.62
Subtotal School	\$0.82	\$2.39	\$0.69	\$0.35
Facilities	\$0.52	\$0.40	\$0.47	\$0.18
Debt Service	\$0.16	\$0.76	\$0.19	\$0.07
Prior Year Encumbrances	\$1.01	\$0.79	\$0.65	\$1.15
Other Misc. Factors	\$1.80	-\$1.00	\$1.58	\$1.81
Total Free Cash	\$11.24	\$15.03	\$15.55	\$11.87

Table 6: Overall Free Cash Appropriation for FY25 (Millions)

Fiscal Year	FY2021	FY2022	FY2023	FY2024	FY2025
Free Cash Available	\$8.11	\$11.24	\$15.03	\$15.55	\$11.87
Operating Budget	\$3.79	\$7.11	\$5.38	\$9.69	\$2.56
OPEB	\$0.05	\$0.05	\$0.58	\$0.55	\$0.44
General Stabilization				\$0.95	
Opioid Settlement \$					\$0.11
Capital Project - Chenery Boilers					\$1.50
Override Offset					\$3.13
Fuel Tanks			\$0.65		
Total Uses	\$3.84	\$7.16	\$6.61	\$11.20	\$7.74
Remaining Balance	\$4.26	\$4.08	\$8.42	\$4.36	\$4.14

The amount of free cash available in FY25 is \$11.87 million which is the amount of certified free cash at the end of FY23 with most of this balance driven by carryforward of remaining previous balances and staff vacancies. The allocation of this balance for FY25 is as follows:

- Operating Budget & OPEB – This reflects the recently decided policy to dedicate \$3M in total Free Cash operating budget (\$2.56 million) and Other Post Employee Benefits OPEB (\$.44 million) for a total of \$3 million.
- Opioid Settlement – This is the FY2023 Opioid Settlement embedded in Free Cash – must be transferred to Opioid fund per the settlement agreement.
- Capital Stabilization – This is for the replacement of the Chenery boilers to take place during the summer of 2025.
- Override Offset – As part of the financial planning of a successful override, the Warrant Committee, supported by the Select Board and School Committee, suggested weaning off the use of excessive amounts of free cash above the recommended recurring \$3 million in order to supplement the operating budget in FY26 and FY27. An override mitigation fund will be established in June 2024 Town Meeting and the \$3.13 million will be allocated to this Fund along with excess revenues from the override of \$.96 million for a total of \$4.09 million to be used in the FY26 and FY27 operating budgets and possibly beyond.
- For FY25 the total allocation of free cash is \$7.74 million and the remaining balance of \$4.14 million will remain which is within the 3-5% of the previous year's operating budget per the guideline of the Town's financial policies.

American Rescue Plan Act (ARPA)

On May 10, 2021, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021 (aka ARPA, see Fact Sheet [here](#)). Belmont was appropriated \$7.8 million for combined municipal and school expenses and \$1.0 million from the 'Elementary and Secondary School Emergency Relief Fund III' to abet school costs. Earlier in the process it was unclear if Belmont would be able to use all the \$7.8 million. However, through outreach by the Town Administrator and other Town officials, the Massachusetts Congressional Office, on behalf of Belmont and towns like Belmont, were able to secure the utilization of the full allocation from the State Treasury Department.

According to the Treasury announcement, local governments like Belmont will receive Recovery and Relief funding through the state government; funding was released in two tranches, with 50% provided beginning in May 2021 and the balance delivered 12 months later. The funding eligibility period is March 2021 to December 2024 and the funds do not need to be appropriated by Town Meeting but allocated by the vote of the Select Board December 31, 2024 and spent by December 31, 2026.

At this point, Belmont's Town leaders have allocated most of the ARPA funds with only \$141,954 remaining. Table 6 shows the appropriations that have been made. These one-time funds will not be available for future years, and this will put additional budgetary pressures on the municipal and school budgets in FY26 and beyond. The funding for nine ARPA positions at the schools will be ending at the end of FY25. These positions are being carried over from FY24 to support student academic and mental health recovery. The budget for these positions for FY24 was \$965,160 and will increase in FY25 to \$1,004,369. The School Department has indicated that it would like to keep these positions for FY26 and beyond but will need to be funded from other sources with the exhausting of the ARPA fund. This will put added pressure on an already stretched budget projection.

Table 7: ARPA Funds

State ARPA Fund Allotment	\$7,806,251
Allocated by Select Board - Completed Projects	
FY2021-22 COVID Response Activities	\$202,783
FY2023 COVID Stipends	\$269,000
Pre-Construction Work for Rink	\$350,000
BMHS PV Project	\$1,290,633
FY2023 Operating Budget Support	\$981,989
CCBC - Security Projects (Schools)	\$245,000
Salt Shed - DPW Yard	\$490,533
White Field House - Demolish via BMHS	\$346,554
	<u>\$4,176,492</u>
Allocated by Select Board - Open Projects	
DPW Yard Fuel Tanks	\$466,187
CCBC - Repairs Butler School	\$892,214
Grove Street Project Bid Results	\$70,000
Updated website implementation	\$44,755
Market Analysis & Fiscal Analysis	\$75,000
FY24 Town Operating	\$63,648
FY24-25 Schools Operating	\$1,876,000
	<u>\$3,487,804</u>
Combined Total	\$7,664,297
Remaining Balance	\$141,954

Risks in the FY25 Budget

By law, Belmont must operate with a balanced budget. If actual spending appears likely to exceed the total budget by year end, either spending must be reduced or reserves such as Free Cash must be utilized.

FY24 Schools Budget. As of May 2024, the School Department is estimating a potential deficit of \$1.3-\$1.5 million in the operating budget due primarily to higher than expected out-of-district special education costs. There are mitigation plans in place but there could be spill-over impact for FY25 that would put further pressure on the school budget.

COVID / ARPA Funds. Most of the Covid relief and ARPA funds have been allocated. Thus, these funds are no longer available to help cover one-time and recurring costs nor any additional unforeseen financial pressure on the municipal and/or school departments.

Facilities/Capital. As reported in recent years, it is apparent that Town facilities have not received required maintenance on a timely schedule and there is still a significant backlog. Therefore, the risk of unexpected needs for repairs in FY25 and beyond remains significantly high. Also, significant investment is needed at the Chenery with the \$1.6 million replacement of the boilers in FY25, the roof and the HVAC system in FY26 (with a current estimate of \$5.4 million), all three have reached the end of their useful life. Per the analysis of the Comprehensive Capital Budget Committee (CCBC) a total of \$39 million is needed for capital maintenance and improvement over FY26-FY29.

Compensation costs. Most of the unions' contracts of the municipal and school departments are settled and the outcome of these negotiations, especially on the school side, has a significant impact on FY25 and future budgets with significant rollover costs. The increasing Full-Time Employee (FTE) numbers in the schools is a concern and is unsustainable if current trends continue.

Healthcare costs. Belmont self-insures its municipal employees and retirees for healthcare. If health insurance costs rise more than the budgeted 4.0% due to people returning to their normal healthcare routines with the pandemic ending, there could be more pressure on the Town Health Insurance Trust Fund to cover any overages.

Risks in the FY26 Budget

Schools & ARPA. The ARPA funded positions of \$1,004,369 at the schools will end at the end of FY25. The School Department has indicated that it would like to keep these positions for FY26 and beyond but will need to be funded from other sources as the ARPA fund becomes extinct. This will put added pressure on an already stretched budget projection.

Schools & Union Contracts. The current teachers' union contract will expire in August of 2025. Given the current environment and recent events in other towns and municipalities, the results of negotiations could have a significant impact on the school budget and put additional pressure on balancing a budget where expenses significantly outpace reoccurring revenues.

Longer-term Issues

Even with a successful \$8.4 million override in April 2024, the underlying structural deficit still exists. The override has provided the town with a reprieve to the structural deficit but only for the short term. Unless expense growth is brought in line with revenue growth the Town could face another significant shortfall as early as FY28 of an estimated \$5.06 million and \$7.31 million in FY29 [Table 7]. The only way to avoid another sizable override in the not-too-distant future is to curtail expenses and expand our tax base. On the revenue side it will take a steadfast commitment to increase commercial development through zoning reform and business development promotion – which will take time. More urgently, it will be increasingly critical that expenses are aligned with the growth in recurring revenues – especially with regard to the school budget, which is projected to grow at a compound annual growth rate (CAGR) of 5.5% over the next five years while the municipal spending is projected to increase at 2.0%, for a total expense growth of 3.7%.

Table – 8 Warrant Committee Multi-year Outlook (Millions)

	FY23 Actual	FY24 Estimated	FY25 Projected	FY26 Projected	FY27 Projected	FY28 Projected	FY29 Projected	24-'29 CAGR*
Revenue Budget								
Property Tax Levy	\$102.79	\$106.32	\$109.84	\$113.44	\$117.14	\$120.97	\$124.92	3.3 %
State Aid	\$12.86	\$14.61	\$14.77	\$14.96	\$15.15	\$15.35	\$15.55	1.3 %
Other Revenue Sources	\$9.64	\$7.98	\$6.37	\$6.40	\$6.43	\$6.46	\$6.50	(4.0)%
Use of Free Cash for OPEB	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	— %
Use of Free Cash / Reserves	\$5.41	\$9.70	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	(24.1)%
Total Available Revenue	\$131.24	\$139.15	\$133.98	\$137.80	\$141.72	\$145.78	\$149.97	1.5 %
Expense Budget								
Schools	\$55.90	\$63.49	\$67.04	\$70.83	\$74.80	\$78.62	\$82.85	5.5 %
Municipal	\$32.47	\$33.31	\$33.38	\$34.21	\$35.06	\$35.94	\$36.84	2.0 %
Shared Services	\$33.05	\$37.11	\$35.54	\$36.78	\$38.06	\$39.40	\$40.78	1.9 %
Capital	\$5.08	\$5.25	\$5.59	\$5.71	\$5.83	\$5.95	\$6.08	3.0 %
Total Expense	\$126.50	\$139.15	\$141.54	\$147.53	\$153.76	\$159.91	\$166.55	3.7 %
Net Budget Surplus/(Deficit)	\$4.74	\$0.00	-\$7.57	-\$9.73	-\$12.03	-\$14.13	-\$16.58	
Approach to Closing Deficit			FY25 Projected	FY26 Projected	FY27 Projected	FY28 Projected	FY29 Projected	25-'29 CAGR*
Override Increase to Tax Levy			\$8.40	\$8.61	\$8.83	\$9.05	\$9.27	3 %
Override Mitigation Fund			\$0.00	\$1.17	\$3.26	\$0.00	\$0.00	
Net Budget Surplus/(Deficit) with Override			\$0.83	\$0.05	\$0.05	-\$5.08	-\$7.31	
* CAGR = Compound Annual Growth Rate								

As mentioned earlier in this Report, even with a successful override the long-term structural deficit remains. The override has only provided some temporary breathing room for Belmont to get its financial house in order. Based on this fiscal outlook, the Warrant Committee is leading the development of a Fiscal Compact with the residents of Belmont to address our underlying fiscal challenges, an initiative which many other towns have implemented. The Committee established guiding principles for a Fiscal Compact that a newly formed advisory group will follow toward the development of a formal Fiscal Compact in the spring and summer of 2024, ahead of the FY26 budgeting process. The following are those principles for the advisory group which has representatives from the Select Board, Town Administration, School Administration, Warrant Committee and School Committee.

Belmont Fiscal Compact Guiding Principles

To strengthen our long-term fiscal planning, effectively balance the needs of all residents and minimize future tax increases, a Fiscal Compact Advisory Group will be established to develop a long-term fiscal strategy to help guide current and future town leaders. The guiding principles and commitments below are aimed at setting a foundation for advisory working group members to further refine and develop a more formal fiscal compact with taxpayers. The Fiscal Compact will be completed in advance of the Fall FY26 budget summits.

- No additional Proposition 2½ override request for at least three years after a successful override.
- Reduce annual expense growth rates to bring expenditures in closer alignment with revenue.
- Develop policies to spur revenue and growth, diversify our tax base and promote economic development and business growth.
- Reduce the reliance on one-time sources to fund the operating budget and place excess Free Cash generated each year by turnbacks or excess revenue into specific stabilization funds and capital projects.
- Protect against future fiscal shocks by maintaining adequate financial reserves and a strong bond rating.
- Pursue key initiatives to reduce ongoing expenses and generate operating efficiencies through enhancements in municipal and school organizational structures.
- Bolster Town services, including replacing the aging school curriculum and expanding discretionary capital.
- Provide transparent budgeting and formalize multi-year financial planning, including the potential creation of a long-term financial planning committee with representation from town boards/committees, town and school administration, and town residents with a goal of achieving financial stability and sustainability.
- Develop new senior economic tax relief programs (to the extent permitted by Massachusetts Law).

The Warrant Committee looks forward to working collaboratively with the Select Board, School Committee, and Comprehensive Capital Budget Committee to strengthen the budget process and address longer-term challenges. The goal is to use this framework to ensure that budgets are balanced with limited use of one-time funds and operating overrides to create a fiscal environment of stability and sustainability that will allow for all of Belmont's residents to benefit from the services the Town provides.

Departmental Budgets

Education

School Department Overview

Budget by Source of Funds	FY25		Change from FY24			FTEs	
	Budget in \$	% of Total Operating Budget	in \$	in %	share of total \$ change	FY25	Change from FY24
General Fund Operating Budget	66,885,704	87 %	3,998,723	6 %	85 %	547.2	7.6
Grants & Revolving Funds	9,013,703	12 %	679,792	8 %	14 %	34.5	1.0
COVID Relief Funds	1,004,369	1 %	39,209	4 %	1 %	9.0	0.0
Total - All Sources	76,903,776	100 %	4,717,724	7 %	100 %	590.7	8.6

The School Department expenditure budget is funded by three sources: the General Fund, funded by the Town of Belmont; grants, from Federal and State Sources; and Revolving Funds, from fee-based programs. In this report, all funding sources are shown in order to provide a complete picture of school finances. However, of the three funding sources, the General Fund is only one voted by Town Meeting and the only one funded by Belmont's property tax levy.

FY25 budgeted General Fund expenditures total \$66,885,704, an increase of 6.4%, or \$3,998,723, over FY24. When Grant and Revolving fund expenditures are included, the FY25 budget is 6.6% higher than FY24, at \$75,899,407. Including the remaining non-recurring COVID-relief funding, the total Department expenditure budget is increasing by 6.5%, to \$76,903,776.

The remaining \$1.0M COVID relief funds are non-recurring and must be fully spent by December 31, 2025. Once these funds are spent, the related services need to be funded either by a further increase in taxpayer dollars or by reductions in other budget lines. Otherwise, the services will need to cease.

While the School Department's FY25 General Fund budgeted expenditures are increasing by **6.4%**, the Town of Belmont's projected net General Fund revenue available for appropriation is increasing by only **4.5%**. This includes the use of \$2.4m of Free Cash, but absent that amount, the Town's projected net General Fund revenue would increase by just **2.8%**.²

In addition to the Department's 6.4% (\$4.0m) FY25 increase in expenditures, in its FY24 Q2 reforecast the School Department was projecting a \$1.3m budget deficit for the current FY24 fiscal year.³ This deficit was driven by unbudgeted expenditures in Special Education (SPED) contract services (\$650,000), SPED transportation (\$300,000), and district-wide non-salary expenditures (\$389,000). This deficit, some of which results from decisions made post appropriation, has been reduced by an infusion of one-time state funds as described in the Special Instruction section, but the challenges raised by unanticipated spending remain. Also, certain FY25 line items are budgeted lower than the most recent re-forecasted FY24 full year expenditures. While the department believes that there are defensible reasons for assuming that certain FY25 expenses will be lower than FY24, the Education Subcommittee has some concern that those assumptions increase the risk that actual spending in FY25 could exceed the budgeted amounts for those line items.

² Town Administrator's Preliminary Budget Recommendation, February 2, 2024, pg. II-25

³ Belmont Public Schools FY24 Budget Update, February 15, 2024.

General Fund Budget by Program Category

Program Category	FY25		Change from FY24			FTEs	
	Budget in \$	% of Total Operating Budget	in \$	in %	share of total \$ change	FY25	Change from FY24
Regular Instruction⁴	28,925,549	43.3 %	1,322,136	4.8 %	33 %	277.9	2.3
Special Instruction⁵	24,112,132	36.1 %	1,520,939	6.7 %	38 %	162.7	3.7
Student & Instructional Services⁶	8,903,531	13.3 %	1,229,651	16.0 %	31 %	56.5	2.4
Leadership & Administration⁷	4,650,768	7.0 %	250,449	5.7 %	6 %	50.1	(0.7)
Contract Allowance & Fringe Benefits⁸	293,724	0.4 %	(324,452)	(52.5)%	(8)%	0	0
Total General Fund Expenditures Budget	66,885,704	100 %	3,998,723	6.4 %	100 %	547.2	7.6

The table above shows the major program categories funded by the General Fund. Separately, Grants and Revolving Funds (excluding one-time COVID) utilized in the FY25 budget total \$9,013,173, \$679,792 more than FY24. These funds represent 11.7% of total budgeted expenditures and are an important additional funding source.

The FY25 General Fund budget 6.4% increase is accounted for across Special Instruction, Regular Instruction, Student and Instructional Services, and Leadership and Administration:

- Regular Instruction represents approximately 43.2% of the total General Fund Budget and is increasing by 4.8%, or \$1,322,136. Contributing to this increase is the net addition of 2.3 FTEs and annual step-and-lane salary increases for teachers and other staff. Also, the Department is budgeting a shift of 15 FTE from Elementary grades 1-4 to the various programs in grades 5-12 to support the 4th grade relocation to the Chenery Upper Elementary School (CUE) and the changes in enrollment by grade. Overall, Regular Instruction budgeted average salaries are increasing by 4.3%.
- Special Instruction represents the cost of out-of-district SPED tuitions and transportation, in-district SPED educators and accompanying services, and the English Language Education and Early Childhood Education programs. Collectively these programs represent \$24,112,132 (36%) of the total General Fund budget and \$1,520,939 (38%) of the \$3,980,723 total General Fund increase.
 - Out-of-District expenditure increases totaling \$734,261, driven by anticipated private and collaborative tuition increases and out of district transportation, account for 48% of the \$1,520,939 SPED increase. As discussed in the Special Instruction section, this increase is driven by the ongoing rise since the COVID-19 pandemic in the number of students being placed in out-of-district settings as well as increases in tuition rates.
 - In-District special instruction expenditure increases totaling \$492,701, driven by step and lane compensation increases and the proposed hiring of 2.5 additional FTEs, account for 32% of the \$1,520,939 FY24 Special Instruction increase.
 - English Language Education and Early Childhood Education increases totaling \$294,607 account for the remaining 19% of the \$1,520,939 FY25 Special Education increase and are driven mainly by annual salary increases and the addition of 1.2 FTE in the English Language

⁴ Core academic education for Grades K-12. Includes physical education, fine arts, music, etc.

⁵ Special Education (including some pre-K) and English Language Learning.

⁶ Guidance/Health/Psychological Services, Library/Technology, Curriculum/Staff Development, Food Services, Transportation, Athletics & Student Activities, METCO.

⁷ Allowance for future union contract increases.

⁸ District-wide Administration, Individual School Administration, Legal.

Education program (2.8 FTE were added to this category in the FY24 budget, for total of 4.0 additional FTE across these two budget years).

- Student & Instructional Services represents approximately 13.3% of the FY25 General Fund budget and is increasing by \$1,229,651, or 16.0%. The primary driver is a \$594,000, or 67%, total increase in regular day transportation to \$1,485,000. This includes \$304,744 for additional buses to modify routes for the 4th grade reconfiguration. Busing cost is shared between the General Fund and the Bus Fee Revolving fund (\$968,157, or 65%, and \$516,843, or 35%, respectively, in FY25). In FY24, the General Fund absorbed 68% of this total cost. Of the total \$594,000 cost increase, the General Fund is absorbing \$358,744, or 60%.

In addition to Transportation, these program costs are increasing by a total of \$822,374 in FY25: K-12 Guidance \$295,702, including 2.4 FTE; Substitutes \$135,000; Health Services \$120,955; Athletics and Intramurals \$83,589; Curriculum Development \$77,059; and Staff Development, Technology & A.V., Library, and Student Activities, collectively, \$66,564.

- Leadership & Administration represents 7.0% of the FY25 General Fund budget and consists of the Leadership and Administration staff located across the individual school buildings and the District Central office (Principals, Assistant Principals, the Superintendent's Office, other administrative staff, etc.). This program line budget is increasing by \$250,499, or 5.7%, in FY25. This increase represents primarily the addition of an Assistant Finance Director in FY24 (reallocated from another position at a higher rate of salary) and compensation increases for administration and clerical staff across the district. Finally, the Central Administration component includes approximately \$342,000 for the central purchasing of supplies and services for the district. Whenever possible the district consolidates supply purchases centrally to achieve savings from volume and pricing efficiencies.

The following table shows the district's expenditures by major functional category. Overall, salaries comprise approximately 82% of total costs; classroom teacher salaries are 50.8% of the total and are rising by \$1.7m, or 5.1%, over 2024, under the terms of the existing union contract.

General Fund Budget by Function

Function	FY25		Change from FY24			FTEs	
	Budget in \$	% of GF Budget	in \$	in %	share of total \$ change	FY25	Change from FY24
Classroom and Specialist Teachers	34,010,742	50.8 %	1,665,323	5.1 %	42 %	322.3	3.8
Other Teaching Services	6,201,848	9.3 %	152,967	2.5 %	4 %	110.7	0.7
Instructional Leadership	5,232,533	7.8 %	395,105	8.2 %	10 %	65.4	1.2
Pupil Services	4,828,055	7.2 %	793,775	19.7 %	20 %	10.8	0.0
Guidance, Counseling & Testing	2,751,665	4.1 %	416,415	17.8 %	10 %	24.6	2.5
Administration	1,890,578	2.8 %	(86,854)	(4.4)%	(2)%	10.8	0.1
Total Salaries	54,915,421	82.1 %	3,336,731	24.3 %	83 %	544.5	8.2
Materials, Equipment & Technology	2,002,127	3.0 %	79,607	4.1 %	2 %	0.6	-0.6
All Other	790,398	1.2 %	81,970	11.6 %	2 %	2.0	0.0
Total In-District	57,707,946	86.3 %	3,498,308	6.5 %	87 %	547.2	7.6
Payments to Out-of-District Schools	9,177,758	13.7 %	500,415	5.8 %	13 %	0.0	0.0
Total General Fund	66,885,704	100.0 %	3,998,723	6.4 %	100 %	547.2	7.6

Enrollment

In the years before COVID-19, total enrollment in the Belmont Public Schools steadily increased from year to year, and those enrollment increases were a cost driver for the town and school budgets. In 2020 and 2021, likely due to the pandemic, district-wide enrollment declined, though those declines were mostly in the elementary grades. Since 2021, district-wide enrollment has grown modestly, but total enrollment is still down 279 students from its high in FY20 and K-4 enrollment continues to decline. K-4 enrollment has declined every year since 2020 and is down 17% (313 students) in the past five years (and down 10% in the past ten years). Meanwhile, 9-12 enrollment is the highest it's been in at least the last ten years.

The table below shows the changes in enrollment in grades K-4, 5-8, and 9-12 over the past ten years.

10-Year Enrollment Change by Grade Cohort

Year	Grade K-4	Grade 5-8	Grade 9-12	K-12 Total	Change from Prior Year
FY24	1514	1379	1462	4355	34
FY23	1586	1371	1364	4321	36
FY22	1594	1362	1329	4285	(87)
FY21	1653	1410	1309	4372	(262)
FY20	1827	1489	1318	4634	73
FY19	1825	1428	1308	4561	34
FY18	1812	1421	1294	4527	122
FY17	1784	1357	1264	4405	104
FY16	1733	1323	1245	4301	81
FY15	1699	1285	1236	4220	83
FY14	1686	1268	1183	4137	143
Five Year					
#	(311)	(49)	154	(206)	
%	(17.04)%	(3.43)%	11.77 %	(4.52)%	
Ten Year					
#	(172)	111	279	218	
%	(10.20)%	8.75 %	23.58 %	5.27 %	
<i>Enrollment is measured as of October 1st of each Fiscal Year.</i>					
<i>Source: MA DESE Enrollment by Grade Reports</i>					

This pattern of growth in the higher grades and declining numbers in the lower grades creates a dynamic where each year a larger number of high school seniors graduate than new students enter Kindergarten. Unless this dynamic changes, total enrollments are likely to decline in future years.

When compared to 11 peer districts, Belmont's overall 5-year decline matches a pattern of lower enrollments in elementary grades, although Belmont's decline exceeds peer districts. The table below shows a general pattern in the peer districts where declines in K-4 enrollment are greater than the declines (or small increases) in overall enrollment.

Comparison of K-4 Enrollment Changes in Comparable Districts

District	K-4			K-12		
	FY19	FY24	% Change	FY19	FY24	% Change
Acton-Boxborough	1849	1716	(7.19)%	5466	4990	(8.71)%
Arlington	2656	2376	(10.54)%	5843	5918	1.28 %
Belmont	1825	1514	(17.04)%	4561	4355	(4.52)%
Brookline	3117	2599	(16.62)%	7604	6783	(10.80)%
Burlington	1442	1382	(4.16)%	3427	3421	(0.18)%
Hopkinton	1309	1541	17.72 %	3616	4091	13.14 %
Lexington	2489	2129	(14.46)%	7190	6729	(6.41)%
Melrose	1576	1507	(4.38)%	3655	3667	0.33 %
Sharon	1278	1178	(7.82)%	3539	3405	(3.79)%
Watertown	1078	1063	(1.39)%	2484	2585	4.07 %
Westborough	1427	1367	(4.20)%	3798	3749	(1.29)%
Westford	1667	1471	(11.76)%	4953	4381	(11.55)%
Winchester	1707	1506	(11.78)%	4568	4259	(6.76)%
Enrollment is measured as of October 1st of each Fiscal Year. Source: MA DESE Enrollment by Grade Reports						

Demographic trends affecting Belmont school enrollment were the subject of a report⁹ by McKibben Demographic Research that was commissioned by the Belmont Public Schools and presented in April 2024. That report projects a 3.9% decline in BPS enrollment over the next five years and a further 0.8% decline in the five years after that. These projected declines are attributed to a higher percentage of “empty nest” households than in the past and a lower “replacement” factor; that is, the number of elementary students is not expected to replace the number of graduating students due to lower birth rates. Both of these are national trends.

Special Instruction – Enrollment

Special Instruction covers three categories:

- Special Education (SPED) K-12 for Students with Disabilities (SWD)
- English Language Education (ELE)
- Early Childhood Education Pre-Kindergarten (Pre-K)

Special Education

The total number of students requiring SPED services has grown by 38% in the past five years and 75% in the past ten years. This increase has been most pronounced since the start of the COVID-19 era, when the percentage of SPED students grew from about 10% to the current 15% of total students.

⁹ McKibben Report: <https://drive.google.com/drive/folders/1Qvckbv2L49WMhMqqkQ2Ss7AjqdSr5ZX>

The number of students receiving SPED services out of district (OOD) has increased significantly in the past two years. Between FY14 and FY20, the number of OOD students averaged around 95. However, that number grew to 130 in FY23 and, while fluctuating in FY24, the number was at 130 in April 2024.¹⁰

The table below shows the changes in Special Education and OOD enrollment over the past ten years.

10-Year Special Education Enrollment Change

Year	All Special Education Students		Out-of-District Special Education Students	
	Number	% of All Students	Number	% of SPED Students
FY24	688	15.1 %	125	18.2 %
FY23	645	14.3 %	130	20.2 %
FY22	604	13.5 %	102	16.9 %
FY21	540	12.0 %	96	17.8 %
FY20	513	10.7 %	95	18.5 %
FY19	498	10.6 %	93	18.7 %
FY18	486	10.4 %	107	22.0 %
FY17	458	10.0 %	104	22.7 %
FY16	444	10.0 %	98	22.0 %
FY15	405	9.3 %	93	22.1 %
FY14	394	9.2 %	83	23.0 %
5-Year Change				
#	190		32	
%	38.2 %		34.4 %	
10-Year Change				
#	294		42	
%	74.6 %		50.6 %	
Enrollment is measured as of October 1st of each Fiscal Year.				
Source: MA DESE Enrollment by Selected Populations Reports, Belmont Public Schools				

Note: Reflects Belmont Public Schools and DESE numbers. In FY24, the School Department began to include additional placements in its presentations which are not counted in by DESE. The FY24 number used by the district is 142 and includes placements in non-accredited schools and/or where the district pays a portion of the tuition. For consistency in comparing year to year, the table above uses the FY24 125 number that was reported to DESE. The OOD tuition budget amounts include payment for all of these placements.

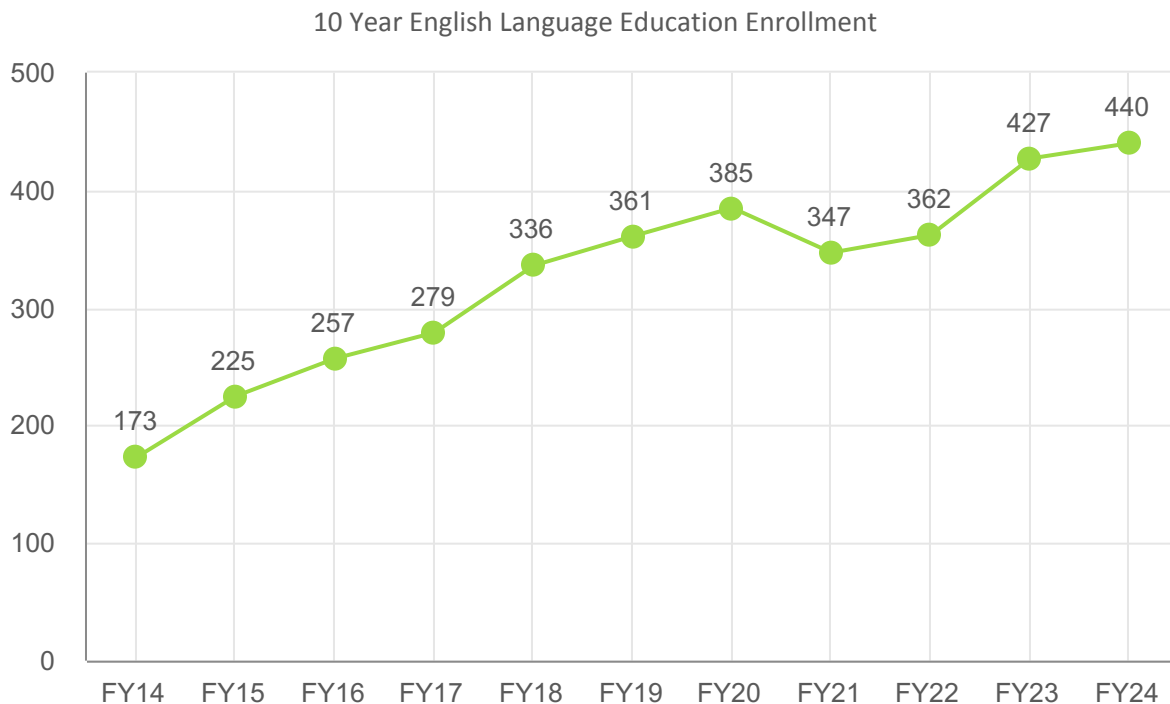
English Language Education

English Language Education (ELE) services are provided to students whose primary language is not English and who are not yet able to do regular classroom work in English. The number of ELE students in

¹⁰ Belmont Public Schools Enrollment, April 1, 2024, which is generally consistent with MA Department of Elementary and Secondary Education (DESE) numbers. In FY24, the School Department began referencing a total number of OOD students that includes students at non-accredited schools and settlements (a legal process which may result in partial payment of out placements by the School Department).

the Belmont Public Schools has increased considerably in the past ten years, growing from 4% to 10% of total students and more than doubling from 173 to 440.

The chart below shows the changes in ELE enrollment over the past ten years. In FY21 and FY22, the COVID-19 pandemic affected international travel and visas, which likely reduced the ELE numbers in these years.



Enrollment is measured as of October 1st of each Fiscal Year.

Source: MA DESE Enrollment by Selected Populations Reports, Belmont Public Schools

Special Instruction

Special Instruction (SI) expenditures include all English Language Education (ELE), Early Childhood Education (Pre-K), and Special Education (SPED) expenditures. All Belmont children are legally entitled to educational services provided by the Belmont Public Schools, regardless of the level of services needed. As previously noted, the total SI FY25 General Fund budget is \$24.1m, a 6.7% increase over the FY24 budget, of which SPED represents 89.6%. Students with Disabilities (SWD) receive SPED services either in-district, through regular and in-house specialized instruction and support services, or out-of-district (OOD) in specialized schools. As shown below, 78.0% of the increase in the FY25 SI budget consists of SPED in-district and OOD expenditures. These are described in detail below.

**FY 24-25 General Fund Special Instruction Budget
(Includes SPED, ELE and Early Education (Pre-K))**

	FY25		Change from FY24			FTEs	
	Budget in \$	% of Total SI Budget	In \$	In %	Share of Total \$ Change	FY25	Change from FY24
Special Instruction Components							
Special Education (SPED)	21,631,161	89.7 %	1,226,332	5.6 %	78 %	134.2	1.9
English Language Education	1,821,551	7.6 %	261,294	16.7 %	17 %	17	1.2
Early Childhood Ed. (Pre-K)	659,420	2.7 %	33,313	5.3 %	2 %	10.9	0
Total Special Instruction (SI)	24,112,132	100 %	1,520,939	6.7 %	100 %	162.7	3.7
Special Education Components							
In-District Expenditures							
Teachers, Aides & Admin	8,133,683	33.7 %	524,066	6.9 %	34 %	132.2	2.5
Psych & Behavioral Therapy	1,264,197	5.2 %	82,444	7.0 %	5 %	2.6	0
Program Srvcs, Tutors & Supls.	1,009,590	4.2 %	(114,439)	(10.2)%	(8)%	N/A	N/A
Total In-District	10,407,470	43.2 %	492,071	5.0 %	32 %	134.8	2.5
Out-of-District Expenditures							
Private Tuitions	4,341,097	18.0 %	183,997	4.4 %	12 %	N/A	N/A
Collaborative Tuitions	4,836,661	20.1 %	316,418	7.0 %	21 %	N/A	N/A
Total Out-of-District Tuitions	9,177,758	38.1 %	500,415	5.8 %	33 %	N/A	N/A
Transportation	2,045,933	8.5 %	233,846	12.9 %	15 %	N/A	N/A
Total Out-of-District	11,223,691	46.5 %	734,261	7.0 %	48 %	N/A	N/A
<i>Note: Budgeted OOD expenditures include \$600,000 intended to recapitalized reserves and exclude \$600,000 to be appropriated to the SPED Reserve fund. The total General Fund OOD tuition budget before appropriation is \$9,277,300.</i>							
<i>Source: FY24 Budget as of May 7, 2024</i>							

English Language Education (ELE)

FY25 ELE expenditures are budgeted at \$1.8m, an 16.5% increase from FY24. As noted earlier, the district's EL cohort continues to grow, outpacing general enrollment trends. The FY25 budget used for this report reflects the additional 1.2 FTE funded by reallocating budget dollars from elementary and special services salary lines to address mandated needs to support the growing number of EL students.

Early Childhood Education (Pre-School)

FY24 Pre-K expenditures are budgeted to increase by \$33,313 or 5.3%, reflecting contractual compensation obligations. Pre-K enrollment has increased by 11 students to a total of 76 between October 1, 2023 and May 1, 2024.

Special Education Costs

Special Education (SPED) expenditures include all SPED teachers, aides, occupational therapists, tutors, and contracted and other services for over 600 students with a wide variety of individual learning, behavioral, physical, developmental, social, emotional, and other specialized educational needs. For many students, these needs are met within the district. The SPED budget also includes mandated SPED transportation and out-of-district (OOD) tuitions for students whose needs cannot be met by the Belmont school system.

SPED expenditures represent a significant driver of General Fund budget growth, due to the high number of OOD placements and students receiving in-district services, as well as the rising costs of providing these in-district and OOD services. SPED represents 32.3% of the overall General Fund budget in FY25. FY25 SPED expenditures are budgeted to be \$21.6m, an increase \$1.1m or 5.6% compared to FY24). Since the pandemic began, the number of students requiring mandated services has grown significantly and many of these needs have been met in-district with additional resources. Between FY20 and FY25, the School Department will have added a total of 33 General Fund and grant-funded SPED FTEs (this does not including ARPA or IDEA funded positions), including SPED teachers and aides, specialized positions such as behavioral therapists, SPED Chairs, a SPED Evaluation Team Leader and transition room staffing, as well as increased out-sourced specialized services.

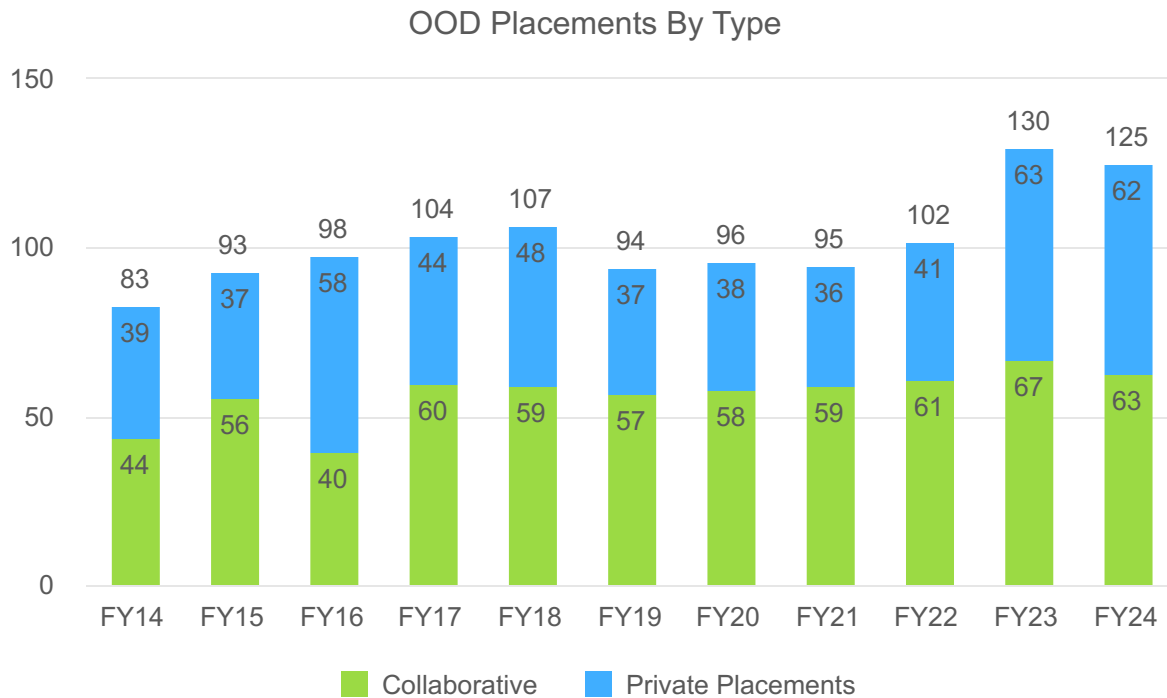
For FY25, in-district expenditures are budgeted to increase by 5.0% (\$492,071). The district has added 5.67 total SPED FTEs including 3.5 FTEs to address increased in-district needs and 2.0 funded by Federal Individuals with Disabilities Education Act (IDEA) funds previously used for OOD tuitions. In FY25, the district anticipates reorganizing the SPED staffing model to build in-district programming for specific cohorts. The new staffing for these programs includes an Evaluation Team Leader, two Professional staffers, and several aides. These positions represent the district's estimate of the staffing needed to build an in-district program, with specific roles to be identified later once the programming is identified.

OOD tuitions and transportation together represent 52% of SPED costs in FY25. OOD expenditures are described in more detail below and OOD transportation costs are discussed in further detail later in the Education section.

Out-of-District (OOD) Expenditures

The School Department is responsible for the OOD tuitions, transportation, and other costs for Students with Disabilities (SWD) whose needs cannot be met in-district. Out-of-district schools include collaboratives (such as LABBB, a five-town collaborative school for SWD, of which Belmont is a member), as well as private day and residential schools that provide expanded and specific services for SWD. The cost of these OOD programs varies by student, depending on the type of placement and the individual's needs, and is typically significantly higher than the costs for students served in-district.

Since the pandemic, the district has experienced an unprecedented number of SWD whose needs cannot be met in-district. The increase in placements is shown in the graph below. In FY24, the School Department began to include additional placements which are not included by DESE and have not been previously reported. These include placements in non-accredited schools and/or where the district pays a portion of the tuition. As can be seen in the chart below, virtually all of these placements are in private schools. The OOD tuition budget amount has always and will continue to include tuition payments for all placements.



Note: Reflects Belmont Public Schools and DESE numbers. In FY24, the School Department began to include additional placements in its presentations which are not counted in by DESE. The FY24 number used by the district is 142 and includes placements in non-accredited schools and/or where the district pays a portion of the tuition. The OOD tuition budget amounts include payment for all of these placements.

Source: Department of Elementary and Secondary Education (DESE) and Belmont Public School Monthly Enrollment Sheets as of Oct 1st of each fiscal year.

In concert with the high number of placements, OOD tuition costs also rose to an unprecedented level in FY23 and continue to increase at a rapid rate. The School Department's forecast as of December 2023 indicates that FY24 OOD tuitions, including those funded by grants, are expected to total \$12.2m, a \$1.7m (15.9%) increase over FY23 OOD actual tuitions (which were \$2.1m higher than FY22). (A more recent forecast projects \$12.4m in FY24 tuitions). The FY24 December forecast is \$567,270 above the FY24 budget of \$11.6m.¹¹ The original FY24 budget included state-approved increases in specialized school tuitions ranging from 5% to 14%, as well as \$607,605 intended to replenish reserves.

Total FY25 OOD tuitions are budgeted at \$12.7m or 9.6% higher than FY24 budgeted tuitions, and 4.5% higher than recently forecasted FY24 tuitions. The General Fund portion of OOD tuitions will increase by 5.8% to \$9.2m.

A recent review of OOD placements in Belmont appears to have a higher percentage and number of OOD placements relative to its peer districts, as shown in the table below.

¹¹ The FY24 General Fund OOD budget included \$607,605 budgeted to replenish reserves by allowing this amount to be carried forward in the Circuit Breaker accounts.

Students with Disabilities (SWD) and Out of District (OOD) Peer District Comparison

District	FY23 Total Enrollment	FY23 In-district Enrollment	FY19 SWD	FY23 SWD	SWD as % In-Distr	SWD 5-Yr % Increase	FY23 OOD	OOD as % of SWD	OOD as % of Tot Enr	% Low Income	% EL
Acton Borborough	5,917	5,133	892	803	15 %	(10)%	64	8 %	1 %	11 %	6 %
Arlington	6,047	5,987	936	1,000	17 %	7 %	60	6 %	1 %	11 %	5 %
Belmont	4,507	4,378	498	645	14 %	30 %	129	20 %	3 %	11 %	10 %
Brookline	7,116	7,060	1,248	1,279	18 %	2 %	56	4 %	1 %	14 %	11 %
Burlington	3,486	3,412	95	569	16 %	15 %	73	13 %	2 %	18 %	7 %
Hopkinton	4,196	4,163	464	566	13 %	22 %	33	6 %	1 %	7 %	6 %
Lexington	6,938	6,845	1,036	1,018	15 %	(2)%	93	9 %	1 %	8 %	9 %
Melrose	3,895	3,849	575	647	17 %	13 %	46	7 %	1 %	16 %	5 %
Needham	5,594	5,525	967	1,018	18 %	5 %	68	7 %	1 %	8 %	3 %
Sharon	3,591	3,542	513	579	16 %	13 %	48	8 %	1 %	12 %	3 %
Watertown	2,699	2,662	568	508	19 %	(11)%	37	7 %	1 %	36 %	17 %
Wellesley	4,219	4,158	805	728	17 %	(10)%	61	8 %	1 %	8 %	3 %
Westborough	3,861	3,830	587	595	15 %	1 %	31	5 %	1 %	16 %	11 %
Winchester	4,392	4,333	811	697	16 %	(14)%	57	8 %	1 %	7 %	3 %
Average	4,765	4,654	731	770			56				
<i>Note: SWD includes both in-district and out-of-district students. Source: DESE RADAR Special Education, District Trends and Students w/Disabilities tabs.</i>											

As one of her first actions, the Superintendent initiated a review of SPED services to determine whether there are opportunities to restructure and build new programs for certain OOD cohorts that could be better served by in-district specialized classes and programs. The administration and families understand that students benefit from programs that integrate them into their community. Providing in-district services allows students to go to school with their siblings and neighbors and participate in local after-school activities. To this end, a review of SPED services was initiated early in the 2024-25 school year and completed in March 2025. Although the specific programs have yet to be identified, the School Department has added 5.0 SPED FTEs in FY25 (for a total of approximately \$350,000)¹² to staff potential in-district programming. Specific roles for these incremental FTEs will be determined once the programs have been structured. The investment in staff and specialized programs is expected, over time, to reduce the number of OOD placements, tuitions, and transportation and reduce contracted specialized services costs. However, the School Department does not expect an immediate return of current OOD students in FY25 but is hopeful that the programming will provide in-district alternatives to OOD placements when students need additional services.

The School Department has budgeted FY25 OOD tuitions at \$12.7m or 9.6% higher than FY24 budgeted tuitions and the General Fund portion of OOD tuitions at \$9.2m, a 5.8% increase. This includes an increase in reserves by \$414,487. The FY25 budget reflects a School Department decision in February to reduce the overall tuition budget and General Fund portion by \$309,509 from prior draft budgets to fund additional SPED positions.

Prior to receiving news about an influx of one-time state funds, the carryforward reserves were projected to be reduced to as little as \$300,000. The School Department is currently in the process of re-forecasting both the projected FY24 OOD tuitions and available outside funding. The amount of OOD

¹² As detailed elsewhere, not all of these 5 FTEs are reflected in the 2/8/24 BPS SPED budget.

reserves is particularly important given the tuition increases in the past several years. While the district is expecting to create in-district programs in FY25, school administration does not anticipate that such programming will result in an immediate material reduction in OOD enrollments and OOD tuitions in FY25. The Education Subcommittee is concerned that the small budgeted increase in FY25 OOD tuitions may understate actual FY25 tuitions, especially in light of the most recent FY24 reforecast. Combined with changes to the reserve levels (discussed below) this puts the School Department's FY25 General Fund budget at risk with less cushion or flexibility than the department has had in recent years for a budget line item that is notoriously volatile.

OOD Tuition Funding Sources

OOD placements are funded by the General Fund (GF), federal IDEA funds, state-administered Circuit Breaker (CB) grants, and LABBB credits (representing surpluses returned to member towns). Circuit Breaker and IDEA amounts not spent in the prior year can be carried forward to the following year and can provide a buffer for unanticipated changes in OOD expenditures that occur during the year. LABBB credits must be spent in the fiscal year they are received. Typically, the district draws down the General Fund OOD tuition amount first and then charges additional tuitions against CB and IDEA grant funds. Any amount not charged to the grant funds is carried forward as a buffer against unanticipated changes in OOD tuitions in the following year.

Out-of-District Tuition Expenses by Placement Type and Funding Source
(\$ in 000's)

								Change FY24 Budget - FY25 Budget	
	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Budget	FY24 Q2 Forecast	FY25 Budget	\$	%
Tuition Expenses by Placement Type:									
LABBB Collaborative	3,420.4	4,026.0	3,805.4	4,285.1	4,573.0	N/A	4,786.1	213.1	4.7 %
MA Public	63.1	---	32.9	32.9	47.3	N/A	50.6	3.3	7.0 %
Private	4,213.7	4,016.1	4,401.4	6,038.2	6,811.0	N/A	7,692.2	881.2	12.9 %
Out-of-State	144.0	33.6	129.8	135.0	158.4	N/A	169.5	11.1	7.0 %
Total Out-of-District Tuitions	7,841.1	8,075.6	8,370.0	10,491.2	11,589.7	12,156.9	12,698.4	1,108.7	9.6 %
Tuition Expenses by Funding Source:									
General Fund ¹³	4,593.6	3,362.8	6,029.6	4,838.9	8,677.3	8,677.3	9,177.8	500.5	5.8 %
General Fund SPED Reserve Fund	---	---	---	672.9	---	---	---	---	---
Federal IDEA Grants	623.1	1,694.8	788.7	770.3	782.4	697.3	674.5	(107.9)	(13.8)%
MA State Circuit Breaker	1,847.1	3,018.1	1,384.9	3,840.3	2,030.0	2,782.3	2,846.1	816.1	40.2 %
LABBB Credits	777.3	---	166.3	118.8	100.0	—	—	---	---
Warrant Committee Reserve				250.0					
Total Funding Sources	7,841.1	8,075.6	8,369.5	10,491.2	11,589.7	12,156.9	12,698.4	1,108.7	9.6 %
<i>Source: Belmont Public Schools Budgets</i>									

OOD Reserves

OOD reserves represent unspent federal, state and other funds that are designated to fund OOD tuitions and can be spent over the course of two years. Accumulation of reserves is based on several factors, including the difference in actual-to-budgeted tuitions, the amount of grant funding, the lag in receipt of state Circuit Breaker (CB) funding relative to eligible OOD expenditures, and unpredictable LABBB credits. The School Department follows the state recommendation to roll over (“carry forward”) into the next fiscal year any excess of available General Fund and grant funds not needed to pay tuition costs. This practice helps bridge the gap in state CB tuition reimbursements and allows the School Department to absorb unanticipated and unbudgeted new placements that occur after the budget has been approved.

The importance of OOD reserves was demonstrated in FY23, when the district experienced an unprecedented 30% increase in OOD placements and in increase in corresponding tuitions that exceeded the budgeted amount by almost \$1.7m. The district was able to fund all but approximately \$150,000 with reserves and \$181,960 in extraordinary relief CB funds, albeit severely reducing the amount of cushion for FY24. The district was provided with \$250,000 in Warrant Committee reserves, but this allocation was turned back as free cash to the town and a year-end balance of \$205,879 was achieved by using other year-end available funds.

¹³ FY24 Q2 year-end forecast as of 2/8/24

In June 2023, Town Meeting appropriated \$1,207,605 to the School Department's General Fund to recapitalize OOD reserves that were projected to be completely depleted in FY23. Of this, the School Department appropriated \$600,000 to refund the SPED Reserve Fund which had been fully depleted. The balance of \$607,605 represented an allocation of OOD tuitions that would allow Circuit Breaker funds received in FY24 to remain unspent and carried over into FY25. The combination of these two components resulted in budgeted FY24 year-end reserves of \$1,207,605. Since the FY24 budget was approved, FY23 actual reserves were \$205,879, and an additional \$409,768 in unbudgeted CB funds were realized. These additions resulted in a total of \$1.8m in potential OOD funding sources, but these are offset by \$207,866 in reductions: \$107,866 in IDEA grants reallocated from tuitions to fund SPED positions and the elimination of \$100,000 in budgeted LABBB credits due to no LABBB credits being issued this year. This net of \$1.6m will be used to fund the mid-year increase of \$567,270 in expected FY24 tuitions. As a result, a revised forecast prepared in February projected FY24 year-end reserves at \$1,048,116, as shown in the chart.

As previously noted, the School Department presented FY24 Q2 numbers, which forecast a \$1.3m deficit for FY24. Part of the mitigation strategy expressed at that time was to increase the use of the Circuit Breaker funding and use the \$600,000 in the SPED reserve to cover deficits in SPED contract and transportation spending.¹⁴ This, combined with the \$200,000 increase in FY24 tuitions since the published budget book would reduce the FYE 24 reserves from the \$1 million shown in the budget to around \$150,000—significantly lower than needed, especially given the lack of cushion in the FY25 OOD budget (detailed below).

In early May, the School Department announced that DESE was providing two sources of additional OOD CB funding in FY24: 1) extraordinary relief funds and 2) "reserve relief" funds. Extraordinary relief funds are required to be spent this fiscal year. Reserve relief funds can be spent this fiscal year or next fiscal year. Reserve relief is essentially a "prepayment" of FY25 CB funds and will be deducted from FY25 CB allocations.

The increase in funds is a result of advocacy by intense lobbying from school districts and administrators to assist in funding the 14% increase in private school tuitions instituted by the state for FY24. In FY24 Belmont Public Schools will receive \$600,000 in FY24 extraordinary relief and \$458,000 in reserve relief. for a total of \$1,058,000. These one-time funds are expected to be used to address the SPED spending deficits and other expenditures in FY24, rather than using the SPED reserve. As a result, the current estimate of FY24 reserves as of this report is expected to be around \$1 million.

The intersection of available funds, expenditures, and reserves determines the amount appropriated in the General Fund for OOD tuitions and the amount of cushion available for unanticipated and unbudgeted costs. In FY24, the town added \$1.2m late in the budget season to replenish reserves depleted in FY23, a year in which OOD placements skyrocketed. If not for recently announced one-time additional funds from the state, the School Department was anticipating turning to the Town again for additional monies, this time to replace reserves used to fund SPED and other General Fund spending deficits.

For the FY25 budget documents, the School Department has publicly been using an estimate for FY24 year-end tuitions from December 2023 that was based on 2-3 months of the school year and included some possible placements without anticipating any returning students. OOD tuitions can change dramatically over a short period of time, as experienced in FY23 and again this fiscal year. If the current estimate of FY24 tuitions is lower than \$12.4m, reserves increase by that amount, which can change the outlook for FY25 significantly. Conversely, a further increase in tuitions will result in lower reserves at year-end and affect the cushion available in FY25.

¹⁴ While allowable under state rules, this would represent the first time that SPED reserves were to be used to fund expenditures other than tuitions.

Out-of-District Reserve Balances by Funding Source (\$ in 000's)

	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Budget	FY24 Q2 Forecast	FY25 Budget	FY25B v. FY24B
Prior Year Carry-Forward Balances:								
Belmont General Fund	---	---	---	---	---	---		
General Fund SPED Reserve Fund	---	673	673	673	600	600	600	---
Federal IDEA Grants	261	660	---	11	---	23	---	---
MA State Circuit Breaker	1,854	1,823	627	1,502	---	183	448	448
LABBB Credits	175	---	---	---	---	---	---	---
Total Prior Year Reserve Balance	2,291	3,156	1,300	2,186	600	806	1,048	448
Plus: Current Year Allocation:								
Belmont General Fund ¹⁵	5,266	3,935	6,030	4,731	8,677	8,677	9,178	500
Warrant Committee Reserve	---	---	---	250	---	---	---	
General Fund SPED Reserve Fund	---	---	---	---	---	---	---	
Federal IDEA Grants	972	1,035	799	782	782	675	675	(108)
MA State Circuit Breaker ¹⁶	1,823	1,822	2,260	2,339	2,638	3,047	3,261	623
MA State Circuit Breaker Extraordinary Relief	---	---	---	182	---	---	---	---
LABBB Credits	602	---	166	119	100	---	---	(100)
Total Current Year Allocation	8,664	6,792	9,255	8,403	12,097	12,399	13,113	1,016
Total Available Revenues	10,955	9,948	10,555	10,589	12,697	13,205	14,161	1,464
Less: Current Year Expenditures:								
Belmont General Fund	4,594	3,363	6,030	4,839	8,677	8,677	9,178	500
General Fund SPED Reserve Fund	---	---	---	673	---	---	---	---
Warrant Committee Reserve	---	---	---	250	---	---	---	---
Federal IDEA Grants	623	1,695	789	770	782	697	675	(108)
MA State Circuit Breaker	1,847	3,018	1,385	3,840	2,030	2,782	2,846	816
LABBB Credits	777	---	166	119	100	---	---	(100)
Total Current Year Expenditures	7,841	8,076	8,370	10,491	11,590	12,157	12,698	1,109
Ending Carry-Forward Balances:¹⁷								
General Fund SPED Reserve Fund	673	673	673	—	600	600	600	---
Federal IDEA Grants	611	---	11	23	---	---	---	---
MA State Circuit Breaker	1,830	627	1,502	183	608	448	863	255
Total Ending Carry-Forward Balances	3,114	1,300	2,186	206	1,208	1,048	1,463	255

¹⁵ The BPS currently expects to use most or all of the funding sources, including the SPED Reserve, in FY24 to fund General Fund unbudgeted tuitions & deficits in SPED contractual & transportation accounts. As a result, FY24 reserves are expected to be significantly lower than shown here & projected FY25 reserves will be negatively impacted.

¹⁶ Budgeted General Fund dollars cannot be carried over and must be turned back to the town. LABBB credits must be spent in the year they are received.

¹⁷ FY24 forecast as of 2/08/24

Departmental Staffing

This section shows how staffing will change in FY25, including positions added, shifts to respond to changes in enrollment and the move of the 4th grade to the Chenery Upper Elementary School (CUE), and how some positions will be in their last year of COVID funding. Note that in FY24, Building & Operations and Contract Allowances & Fringe Benefits were moved from the School Department (SD) budget to the Town's budget under Shared Services. Therefore, the FTEs in these departments are not included in this section.

Total Staffing Changes in FY25

Total staffing, including grant-funded positions, are budgeted to increase by 8.63 FTEs from 582.06 in FY24 to 590.70 FTEs in FY25. The new positions are: 5 Special Education FTEs (2 teachers, 2 aides, 1 administrator) and 2.6 FTEs English Language Learners (ELL). Therefore the General Fund FTEs are budgeted to increase by 7.61, with an additional 1.02 FTEs funded by grants/revolving funds.

This number of new FTEs does not include the additional 5.6 FTEs that have been reallocated from areas where the positions are no longer needed, nor does it include 35 other reallocated FTEs as of the May 7, 2024 budget adjustment. Some are from accounts that were underutilized in the budget during FY24, and will be carried over into FY25.

Total Staffing by Funding Source

	FY24 FTE	FY25 FTE	Change in FTE
General Fund	539.57	547.18	7.61
Grants and Revolving Funds	33.50	34.52	1.02
TOTAL RECURRING SOURCES	573.06	581.70	8.63
COVID Funds	9.00	9.00	0.00
TOTAL ALL SOURCES	582.06	590.70	8.63

Positions Added in FY25

- The School Department increases staffing in the FY25 budget with the intent of improving access within the district to specialized instruction for students with identified special needs. For FY25, the district is adding 5 FTEs to create and implement in-district programming for specific cohorts of SWD. Four of the added FTEs will work directly with students: two Special Education staff and two Special Education Professional Aides. The fifth will be an Evaluation Team Leader. The specific positions will be identified once the programs have been developed.
- The FTE Evaluation Team Leader (Unit B) is being added in anticipation of the 4th grade move to the CUE, to provide oversight to the Individualized Education Plan (IEP) team and ensure efficient and effective delivery of services to students with special needs. The Evaluation Team Leader will supervise and support the teaching staff and serve as a contact for families.

FTEs can be divided among the following categories where yearly changes can be noted:

FTEs by Program

	FY 24 FTE	FY 25 FTE	Change in FTE
Regular Instruction			
General Fund	275.65	277.94	2.29
Grants & Revolving Funds	1.05	1.05	0.00
Total Regular Instruction	276.71	278.99	2.29
Special Instruction			
General Fund	159.05	162.72	3.67
Grants & Revolving Funds	4.00	6.00	2.00
Total Special Instruction	163.05	168.72	5.67
Student & Instructional Services			
General Fund	54.09	56.45	2.36
Grants & Revolving Funds	28.14	27.27	(0.88)
Total Student & Instructional Services	82.23	83.72	1.48
Leadership & Administration			
General Fund	50.76	50.06	(0.70)
Grants & Revolving Funds	0.30	0.20	(0.10)
Total Leadership & Administration	51.06	50.26	(0.80)
COVID Grant	9.00	9.00	0.00
TOTALS	582.06	590.70	8.63

Regular Instruction FTEs (Academics, Fine Arts, Art, Music, Physical Education, Health Education, Theatre Arts, Technology, and World Languages) are increasing by 2.29 FTEs. Special Instruction (ELL, Early Childhood Education, and Special Education) is growing by 5.67 FTEs. Students & Instructional Services is increasing by 1.48 FTEs (includes Athletics, Library, Technology, Food Service, Health Services, Guidance, Psychological Services, METCO, Substitutes, Staff and Curriculum Development). These increases are the 8.63 FTEs that will be added in the FY25 budget.

Staffing Reallocations Due to Shifts in Enrollment

In fall FY24, the School Department recognized continued declining enrollment at the elementary level which warranted a reallocation of 4.0 FTEs to other departments within the school system with increased needs. FTEs will be shifted to the Belmont Middle School (BMS) and Belmont High School (BHS), where enrollment is steady or slightly increasing. These 4 FTEs represent \$493,000 (plus \$90,000 in benefits assumed by Shared Services) in funds that have been reallocated to 5.6 FTEs, in FY25, as shown below.

FTE Reallocations

Existing Positions	FY24 FTE	\$ Salary Savings	New/Reallocated Position	FY25 FTE	\$ Salary Cost
1.0 Grade 1 Teacher	1	80,000	1.0 ELE Teacher	1	80,000
1.0 Grade 1 Teacher	1	80,000	1.0 BMS/BHS Reading Teacher	1	80,000
2.0 Grade 4 Teachers	2	160,000	2.0 Grade 6 Teachers	2	160,000
TOTALS	4			4	

An additional \$146,000 was identified in an underutilized Special Education service account (shown in the table below) that will be used for small increases in Special Education staff equal to 1.60 FTEs in FY25. With this increase of 1.60 FTEs and the 4 reallocated FTEs, the increase in reallocated staff results in 5.6 FTEs reallocated positions for FY25.

Reallocation of Special Education Third-Party Services Salary

Reallocation Source	FY24 FTE	\$ Salary Savings	Reallocated Positions	FY25 FTE	\$ Salary Cost	Net Cost
\$146,000 from Special Education Services Salary	0	146,000	0.2 BHS Learning Center teacher; 0.2 BHS Psychologist; 0.2 ESL Teacher; 1.0 Special Education Teacher	1.6	128,000	0

On May 7, the School Committee approved a budget that contains approximately 35 educator reassignments. This includes specialists and other professionals who will be redeployed to the K-3 elementary schools, or reassigned to the upper level schools since they will not be needed full-time in the elementary schools. Of note, three Special Education FTEs from the elementary schools will be reallocated to the CUE to serve the incoming new grade level of students. These changes minimize staffing additions due to the reconfiguration and are budget and FTE neutral. Additionally, one extra position needed for the CUE is filled through reallocation, with the salary supplemented with turnover savings. That position is unknown at this time.

Changes Due to Moving of 4th Grade to Chenery Upper Elementary (CUE)

In FY25, 17 FTEs will move out of the elementary schools due to the move of the 4th grade to the CUE. These FTE changes include 14 4th grade classroom teachers moving to the CUE plus 3 FTEs being reallocated to BMS/BHS due to declining enrollment at the elementary level. Two 4th grade teachers moving to the CUE will not be needed to teach 4th grade once all the 4th graders are housed in one building and will be reallocated to the 6th grade. The chart below shows the number of classrooms that will no longer be needed in the elementary schools for FY25.

Reconfiguration Changes for Elementary Classrooms

Elementary School	FY24 FTE	FY25 FTE	Change in FTE	4th Grade to CUE
Burbank	17	12	(5)	3
Butler	15	13	(2)	2
Wellington	22	16	(6)	5
Winnbrook	19	15	(4)	4
TOTALS	73	56	(17)	14

Note that the budget presented in February 2024 shows the number of Special Education FTEs in all elementary schools remaining unchanged from FY24 to FY25. This is despite the fact that the 4th grade will no longer be in the elementary buildings, nor will the 4th graders who receive Special Education services. However, in the most recent budget presented on May 7, 2024 some of the staff have been reallocated to the CUE and BHS.

Proposed Use of ARPA Funds in FY25

The funding for nine COVID relief funded (ARPA) positions will be ending at the end of FY25. These positions are being carried over from FY24 to support student academic and mental health recovery. The budget for these positions for FY24 was \$965,160 and will increase in FY25 to \$1,004,369. These nine positions will require a different funding source at the end of FY25 if any of them continue to be a priority of the school department:

- 2 Elementary Math Specialists
- 2 CUE Social Workers
- 2 BHS Social Workers
- 1 Transition Room Educator
- 1.6 District-Wide Nurse
- 0.4 Elementary Assistant Principal

Unbudgeted Hiring

The student population served by the School Department is constantly changing and the evaluation of the need for individual students to receive special services is on-going. Consequently, the Department often concludes that it needs to hire additional staff during the year when those positions were not included in the budget approved by Town Meeting. In most instances, these additions are done to provide mandated services that could not necessarily have been anticipated when the budget was created.

Transportation

Transportation services are provided in-district to certain students attending Belmont schools, as well as out-of-district to students attending out-of-district SPED programs.

In-District Transportation

The district is required by the state to provide transportation to any student in Grades K-6 who lives more than two miles from the school they attend. The district also offers students in Grades K-6 who live

less than two miles from school and students in Grades 7-12 (regardless of how far they live from BMS/BHS) the option to take the bus for an annual fee of \$450.

As shown in the table below, over the past 10 years (but excluding FY21 when schools were largely closed as a result of the COVID pandemic), bus ridership has ranged from 724 students to 869 students and has averaged 789 students. Between FY15 and FY20, ridership increased in conjunction with increases in total student enrollment, but has essentially been flat over the past two years. For FY24, the 781 students signed up to ride the bus represent 18% of the total K-12 student population.

Historic Bus Ridership

Fiscal Year	Ridership
FY15	741
FY16	746
FY17	806
FY18	807
FY19	840
FY20	869
FY21	452
FY22	724
FY23	789
FY24	781

For FY25, projected in-district transportation costs total \$1,485,000, which represents only about 2% of the department's total \$76 million budget. However, the total FY25 in-district transportation budget is increasing by \$594,000 (66.7%) over the FY24 budget, which represents about 12.5% of the total \$4.8 million increase in the total School Department budget. About 80% of the total increase is attributable to the planned addition of five buses required to meet scheduling constraints and required route reconfigurations associated with the movement of 4th grade students from the four individual elementary schools to the CUE.

Like various other non-academic services that the district provides (such as extracurricular activities), bus transportation costs are paid through a combination of General Fund dollars and user fees, which are paid into the transportation revolving fund. As shown in the table below, in FY23, revolving fund revenues covered \$201,000, or 22%, of the department's total busing costs, down in both dollars and percentages from FY22, when revolving fund revenues covered \$264,000 and 32% of the total costs. The FY24 School Department budget projected that busing fees would cover \$282,000, or 32%, of the total busing costs. For FY25, the department is projecting that busing fees will cover \$517,000, or about 35%, of the total transportation budget. That amount represents an increase of 84% over the busing revolving fund fees included in the FY24 budget. Total busing fees collected in FY24 are currently expected to be roughly comparable to those collected in FY23, and the impact of the new school reconfiguration on total ridership is not yet known. Consequently, the department's projected increased utilization of revolving funds in FY25 is coming primarily from a greater reliance on previously accumulated reserves in the revolving fund.

In-District Busing Costs by Funding Source

	FY22 Actual		FY23 Actual		FY24 Budget		FY25 Budget		Change FY24 - FY25	
	\$	% Total	\$	% Total	\$	% Total	\$	% Total	\$	% Change
General Fund	551,000	67.6 %	703,000	77.7 %	609,413	68.4 %	968,157	65.2 %	358,744	58.9 %
Revolving Fund	263,968	32.4 %	201,389	22.3 %	281,587	31.6 %	516,843	34.8 %	235,256	83.5 %
Total	814,968		904,389		891,000		1,485,000		594,000	66.7 %

Out-of-District Transportation

Transportation for out-of-district SPED students is mandated by the state and costs are accounted for within the Special Education budget. These costs have typically been covered entirely by the General Fund, although state Circuit Breaker funds can be used for this purpose as well. Forecasting out-of-district SPED transportation costs is challenging because the transportation routes and vehicles are shared across towns. So, Belmont's costs depend not only on the number of students it sends to out-of-district programs and where those programs are, but it also depends on the number of students that surrounding towns send to those programs as well and Belmont's share of the total ridership on individual routes.

In FY25, the School Department is projecting out-of-district SPED transportation costs of \$2.0 million, which represents about 16.1% of the projected FY25 out-of-district special education budget and 8.0% of the entire combined in-district and out-of-district SPED budget. The FY25 budget is up \$234,000, or 14%, from the FY24 budget. However, that percentage increase creates a misleading picture of the true increase in this budget category in FY25 because the FY23 actual expenses came in slightly higher than the FY24 budget. Moreover, for FY24, the School Department's most recent projections are that actual out-of-district SPED transportation costs are going to be about \$2.1 million, or \$300,000 over budget. Consequently, the \$1.9 million FY25 SPED transportation budget is actually \$200,000 less than the most recent forecast of actual FY24 expenses. The Warrant Committee has concerns about whether the budgeted amount is adequate, a concern that is apparently shared by the department.

Budget Risks, Future Outlook, Recommendations

Budget Risks in FY25

- The district is currently forecasting a FY24 year-end deficit of \$1.3 million, which it expects to cover with an unexpected one-time increase in state funds. The district's FY25 special education budget, particularly the OOD budget, does not have much cushion for unanticipated and unbudgeted OOD placements and unexpected increases in transportation or contractual services. This creates a higher than normal risk that the district could face serious budget pressure in FY25.
- FY24 in-district special education spending is currently projected to exceed the FY24 budget by about \$400,000. Unanticipated increased demand for in-district special education services in FY25 can lead to unbudgeted hiring and/or the need for higher spending on contract services.
- Out-of-district tuitions in both FY23 and FY24 have exceeded the budgeted estimates. Given out-of-district tuition costs that can run \$75,000-\$100,000 or more per student, relatively small increases in out-of-district enrollment can have material impacts on the budget.
- The combination of higher-than-expected in-district and out-of-district SPED costs has put pressure on the district's accumulated non-General Fund reserves, leaving less cushion to absorb negative variances in the future than the district has had in recent years.

Outlook for FY26 and Beyond

- The “step & lane” structure of teacher contracts results in departmental wage growth that exceeds the 2.5% revenue growth rate permitted by-right under Proposition 2½. However, that step & lane contract structure is a feature of all teacher contracts in Massachusetts, so Belmont must operate within that framework in order to compete with other towns for quality teachers.
- The union contracts for teachers, aides and administrators expire at the end of FY25 and negotiations on new contracts will likely begin during FY25. Depending on the outcome of these negotiations, there could be even more pressure on the department’s salary expenses.
- Enrollment trends will impact future staffing patterns and required budgets. The recent McKibben report shows flat to declining enrollment beyond FY25, which indicates that the assumptions originally used for the reconfiguration of space and the staffing models developed during a time of increasing enrollment may need to be revisited. The School Department and School Committee will need to take these changes into consideration when hiring. Going forward, if enrollment at the elementary level continues to decline, fewer FTEs would be needed. And if that enrollment decline continues into the upper levels, reductions in FTEs at those levels may be needed as well.
- The increases among special populations such as English Language Learners and Students with Disabilities will impact future staffing patterns and required budgets. Additionally, if the department prioritizes providing services within the district for students with special needs, staff will need to be hired to provide in-district programming, partially offsetting some of the savings from reducing out-of-district costs. But overall, prioritizing having staff to provide in-district programs would have benefits for the students and likely be more cost-effective.
- The last remaining COVID-relief funding (ARPA) – which currently covers 9 FTEs – runs out after FY25. The positions funded with those dollars were intended to be temporary. If the School Department and School Committee determine that the needs being addressed by those positions continue beyond the expiration of the current funding, additional dollars will need to be identified to fund those positions. To the extent that the General Fund is looked at as a source for those funds, that will put additional strain on the General Fund budget.

Recommendations

- The three-year budget projections made during the preparations for the April 2024 operating override indicate that if the future growth in school spending continues at its current rate, a substantial operating override will likely be needed in the next four or five years. If school spending grows at a more sustainable level, the next operating override could be smaller and delayed for several additional years. The School Department should continue to search for creative ways to use resources efficiently to reduce the recent rate of growth in spending. Moreover, other towns (notably Arlington, which is very similar to Belmont in per pupil spending) have had success setting targets for the growth in school and municipal spending. Belmont leaders should work together to negotiate reasonable percentage increase targets to use for future budgets.
- The School Department should develop a more robust system for forecasting OOD tuitions in real time. Because OOD tuitions are a large and volatile portion of the school budget, they deserve in depth and up to date analysis so that risks to the School Department (and Town) budget can be properly assessed. A model for forecasting should include calculating projected OOD enrollments, where students are placed, and tuition rates at those placements. Reviewing best practices of other districts should reveal good examples to follow.
- The School Department should reevaluate current in-district student busing schedules, including negotiating school starting times, to achieve efficiency and cost reductions in transportation. In FY25, the move of the fourth grade to the CUE has led to significant increases in both the

number of school buses needed and the size of the in-district transportation budget. While in the short-term, the increase in the number of buses may have been the most prudent and least disruptive course of action, an evaluation of bus routes and school starting times might result in changes that realize material savings in the budget.

Shared Services

Shared Services was a new approach to revenue allocation beginning in FY24. The Shared Services are operational necessities: financial obligations, operational essentials, and core services that are shared among the Town and Schools. The Town funds these commitments and services from available revenue before allocating funds for Town and School operations.

Facilities Department

The Facilities Department is responsible for the maintenance, capital investments, and operation of all of the schools and most town buildings.

Administration

The office continues to manage over 2,500 work orders a year, as well as over a dozen specific service contracts, including fire alarms, HVAC, elevators, and cleaning. Facilities manages the utility contracts for almost all the town buildings, representing 25% of the overall Facilities budget. Staff supports space rentals at the Beech Street Center, Town Hall Auditorium, and Schools. All postage and mailing needs are carried out by this department. Facilities is tasked with making sure all building code and regulatory inspections are scheduled and any deficiencies are addressed. Quarterly, semi-annual, and annual maintenance is planned and checked for completeness, so our infrastructure meets its intended useful life expectancy. The Facilities Department works closely with the Massachusetts Department of Public Safety, Department of Public Health, and the Department of Labor Services, as well as the EPA and OSHA. The Facilities Department is directly responsible for all bidding and solicitations associated with contract services, building and cleaning materials. Lastly, Facilities processes approximately 3,200 invoices annually for goods and services.

Operations

The Facilities Department manages a number of working trades that triage the daily calls and work orders. They fix what they are capable of and contract out the more complex or specialty items. The Town continues to support and monitor sophisticated and specialized equipment all over Belmont. Behind the scenes, our Systems Manager oversees building access controls, lighting controls, security cameras, and heating and air conditioning managements systems. The Facilities Department is vigilant about energy efficiency. Over the past few years, the Facilities Department has updated old boilers, installed energy efficient pumps and motors, managed heat pump systems, installed energy management controls, solar panels, and LED lighting, and re-commissioned buildings. In 2023, the Facilities Department added our first electric van to our fleet for maintenance staff use. The dedicated maintenance staff consists of one HVAC technician, one electrician, one plumber, one carpenter, five maintenance workers and 20 custodial workers. Management staff share the responsibility of being on-call 24/7 each week to ensure public and infrastructure safety.

Capital Projects

There are two levels of capital projects in which Facilities plays a role - large construction/renovation projects managed by citizen building committees and capital projects approved by the Comprehensive Capital Budget Committee or Community Preservation Committee.

Currently, The Facilities Department is wrapping up the High School and Middle School Building project, but there is still a lot of coordination with close-out documents, punch list items, and training for new systems.

The new Library and Rink Projects are underway and require collaboration with the numerous stakeholders of both projects, and attendance at numerous building committee meetings.

FY2023-24 Achievements

- Installed a new Kalwall System at the Butler School Gym.
- Installed new exterior and interior video cameras at the Butler, Burbank, and Winn Brook Schools.
- Installed new security vestibules at the Butler, Burbank, and Winn Brook Schools.
- Started the recommissioning of the heating and cooling system at the Wellington School.
- Installed a new Public Address system at the Butler School.
- Installed a new Fire Alarm and Public Address System at the Winn Brook School.
- Resurfaced the gym floor at the Butler School.
- Major restoration and replacement of slate on the Town Hall roof.
- Painted the wood structure at the Burbank School.
- Painted the wood trim and doors at the School Administration Building.
- Benton Library Chimney rebuilt; roof repairs pending.
- Completed the building envelope repairs at the Leonard Street Fire Substation.
- Removed the modular classrooms at the Chenery Middle School.
- Work alongside the Historic District Commission to support a comprehensive building envelope study at the Town Hall, Homer Building, and School Administration Building.
- Changed all the exterior lights at Burbank School to LED.
- Installed solar film on the windows at the Burbank School to reduce heat infiltration.
- Replaced the old boilers at the Butler and Winn Brook schools with more efficient models.

FY2025 Goals

- Develop a plan to rebuild the retaining wall next to the Town Hall Concord Street entrance that failed in spring 2023.
- Upgrade the exterior and interior cameras at the Chenery and Wellington schools.
- Repoint and replace the slate roof at the Butler Elementary School.
- Refinish the gym floors at the Winn Brook school.
- Start a comprehensive building assessment of the town and school buildings.
- Replace the boilers at the Chenery Middle School.

- Begin the design and engineering of a new roof and rooftop HVAC units at the Chenery School.
- Install new paddle fans in the classrooms at the Winn Brook School.
- Support the Town's implementation of the new Skating Rink.

Facilities Department Budget Summary

Department Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 Budget	Dollar Change	Percent Change
Compensation	\$ 1,789,467	\$ 1,699,333	\$ 2,293,029	\$ 2,401,262	\$ 108,233	4.72 %
Expenses	\$ 3,949,743	\$ 4,827,695	\$ 5,226,359	\$ 5,172,539	\$ (53,820)	(1.03)%
Total Facilities	\$ 5,739,210	\$ 6,527,028	\$ 7,519,388	\$ 7,573,801	\$ 54,413	0.72 %

Division Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 Budget	Dollar Change	Percent Change
Facilities - Town	\$ 973,971	\$ 1,266,058	\$ 1,347,880	\$ 1,367,075	\$ 19,195	1.42 %
Facilities - School	\$ 4,210,552	\$ 4,582,443	\$ 5,385,974	\$ 5,317,505	\$ (68,469)	(1.27)%
Facilities - Admin	\$ 554,686	\$ 678,527	\$ 785,534	\$ 889,222	\$ 103,688	13.20 %
Total Facilities	\$ 5,739,209	\$ 6,527,028	\$ 7,519,388	\$ 7,573,802	\$ 54,414	0.72 %

Staffing and Structure

The Director of Facilities reports to the Public Facilities Board which consists of the Town Administrator and Superintendent of Schools. The Director oversees all aspects of the Facilities Department with concentrations on Capital Projects, resolution of major maintenance challenges and oversight of any related construction projects. The Director is a member of the Belmont Middle and High School (BMHS) Building Committee, and liaison for the Town Administrator to the Library and Rink Building Committees.

Due to the overwhelming increase in annual projects and planned capital projects, Facilities is requesting the addition of a Project Manager in FY2025 to provide day-to-day oversight of these projects along with energy analysis and reporting. This role will the Director of Facilities more time to focus on larger project needs and capital planning.

The Facilities Manager oversees all Town and School maintenance workers and custodians. He also manages all inspections and regulatory compliance.

The Systems Manager oversees all HVAC operations, BMHS controls, lighting controls, and energy conservation measures. The HVAC technician, electrician, plumber, and carpenter respond to maintenance issues as they arise.

Salaries for school custodians and maintenance workers will be transitioned to the Facilities budget in FY2024.

The Facilities Supervisor is responsible for coordinating outside contractors, procurement of goods and services, and file/plan management. The Administrative Assistant manages department payroll, contracts and invoices, among other functions.

Budget Recommendations

The Facilities budget increase is \$54,413 or 0.72% from the FY2024 budget.

Compensation is \$2,401,262, an increase of \$108,233 or 4.72% due to contractually obligated cost of living adjustments, and addition of a new Project Manager.

Expenses are \$5,172,539, which is a decrease of \$(53,820) or (1.03)% due to recognizing more than \$200,000 in electricity savings from the new solar panels at the high school, offset by increases in other areas, notably cleaning service contracts. The Town recently terminated its custodial services contract due to quality concerns and has initiated a one-year contract with a new vendor. The cost of the new vendor will result in an 11% increase in custodial costs (approximately \$150,000 additional cost not currently reflected in the FY25 budget).

Health Insurance

Health Insurance Budget Detail

Description	FY2022 Actual	FY2023 Actual	FY2024 Approp.	FY2025 Budget	Dollar Change	Percent Change
Town Retiree Health Insurance	\$ 1,757,729	\$1,765,215	\$ 1,549,991	\$ 1,683,501	\$ 133,510	8.6 %
School Retiree Health Insurance	\$ 1,771,720	\$1,727,005	\$ 1,788,190	\$ 1,849,074	\$ 60,884	3.4 %
Total Retiree Health Insurance	\$ 3,529,448	\$3,492,220	\$ 3,338,181	\$ 3,532,575	\$ 194,394	5.8 %
Town Employee Health Insurance	\$ 2,838,755	\$3,332,213	\$ 3,254,049	\$ 3,336,038	\$ 81,989	2.5 %
School Employee Health Insurance	\$ 6,307,820	\$6,554,102	\$ 7,261,419	\$ 7,523,873	\$ 262,454	3.6 %
Total Employee Health Insurance	\$ 9,146,575	\$9,886,314	\$10,515,468	\$ 10,859,911	\$ 344,443	3.3 %

Employee and Retiree Health Insurance Description

Belmont health insurance costs for Town and School employees and retirees are self-insured and paid annually through Belmont's Health Insurance Trust. The Trust was created to manage the inherent volatility that exists year-to-year in healthcare utilization and spending. The Trust balance is replenished each year through a combination of employee premium payments (monthly payroll deductions) and the Town's contribution from the General Fund budget. Employee contributions cover 20—25% of the total premium costs, depending on the negotiated union contract or employment agreement and in some cases, the tenure of the employee, and the Town's General Fund covers the balance. For example, the contract for the teachers requires that the Town cover 80% of the total premium costs and the employee is responsible for 20%.

Because the Town self-insures, the Health Insurance Trust pays the true healthcare expenses experienced by our Town and School employees and retirees each year. To minimize catastrophic risk, the Town pays from the Trust for reinsurance to protect against excessive costs for any individual/family. Any healthcare claims above that reinsurance limit result in reinsurance recoveries deposited back into the Trust. The Town's healthcare plan administration is outsourced to Harvard Pilgrim and renegotiated annually.

Healthcare premiums for Belmont employees are set each fiscal year for the HMO/PPO plans managed by Harvard Pilgrim, and each calendar year for Medicare supplement plans. Health insurance premiums

are adjusted annually, in consultation with the Town's healthcare consultant, based on historical and recent healthcare claims and industry trends. The Select Board has approved a premium increase of 4% for FY25. The Town has been able to maintain a close to 4% increase in premiums through the use of funds from the Health Insurance Trust. Note that while health care utilization and premium increases were low following the COVID-19 pandemic, the budget reflects the return to typical health care utilization and spending as well as anticipated employee plan elections and premium increases.

FY25 Health Insurance Budget

Beginning in FY24, Shared Services includes employee benefits expenses including health insurance, Medicare, workers compensation, and unemployment. This Shared Services approach is designed to increase transparency and consistency in budget analysis.

The FY25 budget request for Town and Schools Employee Health Insurance is \$10,859,911, which is an increase of \$344,443 (3.3%) from the prior year. The FY25 budget request for Town and Schools Retiree Health Insurance is \$3,532,575, which is an increase of \$194,394 (5.8%) from the prior year.

Considerations for Future Health Insurance Expense Management

An alternative to Belmont's healthcare cost self-insurance is for the Town to join the Massachusetts Group Insurance Commission (GIC). Established by the Massachusetts Legislature in 1955, the GIC was formed to provide and administer health insurance and other benefits to state employees and retirees. In 2007, the Legislature added provisions to allow cities and towns to also join the GIC as a means of reducing the rate of growth in municipal healthcare expenditures by accessing GIC's economies of scale and broad risk base.

The GIC currently provides health insurance coverage to over 460,000 state and municipal employees, retirees, and their dependents, in nearby communities such as Arlington, Bedford, Brookline, Hingham, Lexington, Somerville, Sudbury, Watertown, and Weston.¹⁸ Participants in the GIC program can choose from a diverse set of health insurance plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Tufts Health Plan. Premium growth in GIC has been approximately 9% in recent years.¹⁹

Belmont has considered joining the GIC as a potential cost mitigation strategy in an environment of increasing self-insurance healthcare expenses. Massachusetts Law includes provisions for Towns like Belmont to opt in to the GIC, but the process can take several years and must be enabled by negotiations with impacted employee and retiree union groups. Analyses to inform the costs and benefits of moving to the GIC will be important for the Town to consider over the course of FY25 given the preparation and process required to join GIC. Note also, that the Town would need to consider and negotiate the dissolution of the Health Insurance Trust in the case of joining GIC.

Pension

Most Belmont employees (teachers have a separate state system) are eligible for statutory pensions which are provided by the Belmont Retirement System ("BRS"). All the benefits are guaranteed and appropriations representing the Town's contributions towards those pensions are set aside from the Town's revenue before funds are made available for other operating expenses.

The investments gained 10.4% in the 2023 calendar year²⁰, with the fund's market value increasing from \$148.7M to \$158.1M. BRS net returns exceeded its 7.00% assumed rate of investment return, while returning about 0.5% less than PRIM in 2023. This continued a long-term trend where BRS has higher

¹⁸ <https://www.mass.gov/info-details/gic-participating-municipalities>

¹⁹ <https://www.mass.gov/doc/2024-gic-public-information-sessions-presentation/download>

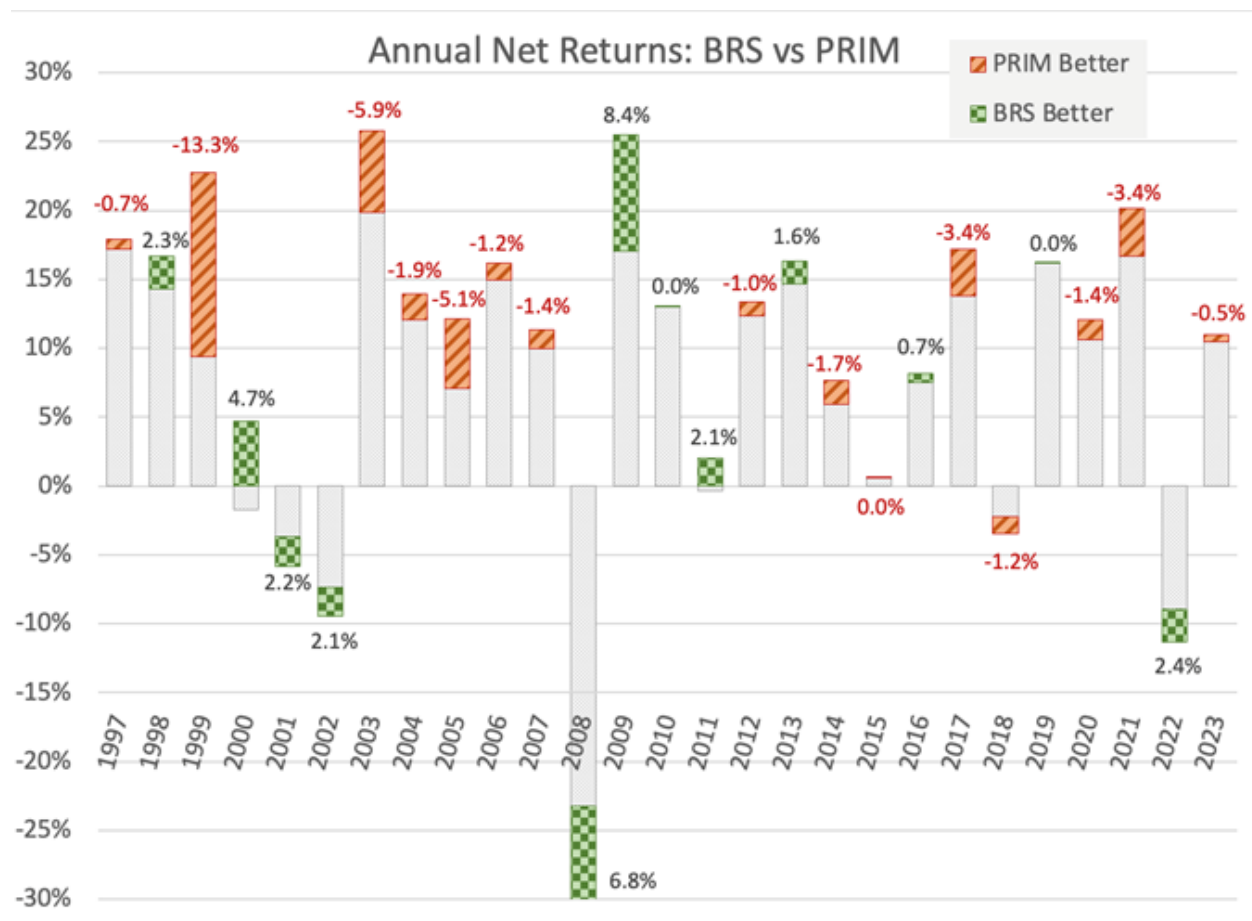
²⁰ Source: 2023 12 - Belmont Flash Asset Allocation for Segal.pdf

expenses and lower returns relative to the Pension Reserves Investment Management Board (“PRIM”), especially when the market is up. BRS has been about 50% invested with PRIM, and in March 2024 voted to move nearly all other investments over to PRIM as well.

As of the most recent actuarial valuation, BRS is about 70% funded. For FY25, the Town will contribute about \$10M²¹ from its operating budget, of which about \$7M is catch-up payments on the unfunded balance.

After FY25, the Town’s contributions will grow by about 2.5% each year. BRS is currently projected to reach full funding in FY2031, and in FY2032 the Town’s annual pension contribution are projected to be about \$3.3M each year. An updated audit will be completed in 2024, and the BRS board will decide an updated payment schedule.

In 2023, payment to retirees and beneficiaries were approved in the total amount of \$13,256,443.88.



Governance

²¹ FY25 Town Administrator’s Preliminary Budget https://www.belmont-ma.gov/sites/g/files/vyhli12826/f/uploads/fy2025_town_administrators_preliminary_budget_recommendation_-_02-02-2024.pdf 23rd page “Page I-19”

The BRS is a separate and autonomous legal entity and not a municipal department of Belmont. BRS is regulated by the Public Employee Retirement Administration Commission (“PERAC”), and regularly goes through financial audits and separate actuarial valuations.

BRS is managed by a 5-person board of two representatives elected by members of the System, the town accountant, one Select Board appointee, and a 5th member chosen by the other four.

Board approves significant investment reform

According to PERAC’s most recent Comparative Analysis Report, issued in 2023, Belmont’s expense ratio is .57% and PRIM’s is .53%. The average of all retirement boards is .55%.²²

Prior to 2024, about half of the BRS investments were invested with PRIM. On March 5th, 2024, the Board voted to move what assets it can over to PRIM. Less than 10% of the assets cannot be moved to PRIM yet, including \$6.5M²³ in commitments. The BRS board will continue to direct investments. Investing fully with PRIM and reducing BRS time and expense spent on reviewing and managing investments would fulfill a long-standing recommendation from the Warrant Committee. See the FY24 Warrant Committee pension section for a detailed write up of historical investment performance, fees and operating overhead.²⁴ Note that the Retirement Board also issued a response to that report.

Historical Investment Returns

Higher investment fees and administrative costs make it more difficult for BRS to match or beat PRIM’s net returns in the long run. In the last ten years, BRS’s net investment returns have been approximately equal, or trailed PRIM eight times, and in six of the last seven years. The chart below highlights the gap between BRS and PRIM: over-performance (green checkered boxes) and under-performance (orange stripes).

BRS makes some progress reducing administrative overhead

Operating costs are funded solely from investment returns, not from contributions from the Town nor from members of the System, and without any additional appropriation from the Town. BRS 2023 and 2024 Operating Expense budget is approximately 0.0025% of the Systems’s assets.

BRS has made some progress on operating reforms, with legal and travel expenses significantly lower than the historical and budgeted amounts that raised questions in prior Warrant Committee reports. For FY24, BRS has reduced the legal expense budget to \$20K, and actual travel expenses were just \$2.5K. BRS operating expenses are still elevated and the Warrant Committee hopes the BRS board will further streamline expenses.

Warrant Committee Recommendations

We commend the BRS for adopting initial reforms and recommend continued review and modernization to simplify operations, reduce expenses, and ease the annual financial burden on Belmont taxpayers. We recommend the BRS:

1. Maintain or extend the funding schedule as permitted by PERAC and state law to help the Town control operating expense growth.

²² <https://www.mass.gov/doc/2022-comparative-analysis-report/download>

²³ Source: http://www.belmontretirementsystem.org/my_uploads/2024/03/Belmont-Mar-2024-RB-Meeting.pdf, slides 4-5

²⁴ FY24 Warrant Committee Report <https://www.belmont-ma.gov/warrant-committee/files/fy2024-warrant-committee-report>

2. Continue reducing operating overhead, expenses, and fees, especially as investment operations are transitioned to PRIM. This includes limiting meeting attendance and other billed hours by legal counsel unless necessary .
3. Develop clear by-laws and procedures reflecting best-practices and procedures. The Warrant Committee understands that the Board is in the process of codifying its existing policies and adopting new policies consistent with the February 2024 Best Governance Practices for Public Retirement Systems promulgated by the National Conference of Public Retirement Systems (NCPERS).

Other Post-Employment Benefits (“OPEB”)

The Town provides its employees, including those of the school department, with healthcare and life insurance retirement benefits, known as Other Post-Employment Benefits (“OPEB”). OPEB are managed and overseen by the Town, paying current benefits out of this year’s budget (“pay-as-you-go”), while making small contributions to an underfunded “OPEB Trust Fund” for future obligations. The Trust is overseen by the Town Treasurer while its investments are managed by an outside manager.

For FY25, the combined budgeted cost of health insurance, life-insurance, Medicare, and contribution to the OPEB Trust is \$5.2 million or 3.8% higher than the prior fiscal year. Retiree health insurance is increasing 5.8% in ’25 reflecting a larger number of non-Medicare retirees, whose benefits are more expensive and a premium increase of 4%.

As of the June 30th, 2023 financial statements, the OPEB Trust Fund held about \$7.2 million toward a liability of about \$99 million, a funding ratio of 6.7%. It is important to note that the OPEB liability is inherently more volatile than the liability for pension benefits as healthcare costs and inflation, benefits utilization, plan design and federal health policy changes, can have a significant impact on predicting future expenses. The town has contributed \$552,695 in each of the last two fiscal years into the Trust Fund. The goal is to make steady annual contributions into the fund until after the pension system is fully funded, when additional resources will be available to increase contributions more meaningfully into the Trust.

Recommendation:

We recommend that the current OPEB funding policy outlined in the town’s Comprehensive Financial Policies be reviewed and possibly updated to reflect funding levels that balance our desire to pre-fund the OPEB liability with available resources.

Debt

The town currently has approximately \$281 million of debt outstanding (including \$35.68 million of bond anticipation notes issued for initial rink and library construction costs), consisting of \$204 million for schools (72% of total debt), \$64 million for general government (22%) and \$12 million (4%) for water & sewer projects. The amount of long-term debt outstanding has been increasing, driven most recently by debt issued to fund the new middle/high school, and will grow further once long-term debt for the library (\$34.5 million) and rink (\$28.6 million) are issued.

Debt service in fiscal year ’25 is budgeted at \$15.51 million, which is up \$869,891 or 5.94%. Debt service will comprise 9.6% of total expenditures and will consist of \$14.28 million of debt service (or 92%) that has been voted exempt from Proposition 2 ½ levy limitations (debt exclusion debt) and funded with dedicated property tax revenues with the remainder (\$1.15 million) funded within Proposition 2 ½ limitations (non-debt exclusion debt). Exempt debt service is increasing \$1.1 million while our non-debt exclusion debt is decreasing by \$257,100.

To assist in funding its capital plan, the Town will often issue “replacement” non-exempt debt after the prior non-exempt debt has matured. The Warrant Committee is supportive of this prudent debt management policy. The Town’s water and sewer enterprise funds also issue debt to support their

capital projects; this debt is “self-supporting” and is serviced by the user fees paid to the Town enterprises.

During fiscal year 2023 voters approved two debt exclusions, one for the construction of a new library and the other for a new skating rink. Bond anticipation notes were issued during Fiscal 2024 to provide initial project funding. These notes will eventually be permanently financed through a longer-term borrowing.

The town’s debt service costs are broken down below by exempt and non-exempt debt service and does not include the impact of the recently approved debt exclusions.

Town’s Bond Rating

The Town is currently rated Aaa & AAA by Moody’s and S&P, the highest ratings achievable. These ratings reflect the strength of the town overall financial profile and takes into consideration the health the town’s tax base, its financial position, governance practices and the community’s fixed cost burden (combined debt, pension and OPEB costs and liabilities). The town’s bond rating impacts the interest paid on bonded debt with a higher rating resulting in lower interest costs. The town’s rating was recently affirmed with the issuance of the recent bond anticipation notes in October 2023. The Warrant Committee supports the maintenance a strong bond rating through prudent financial planning and sound fiscal stewardship.

Public Services

Belmont Public Services Departments include Community Development, the Department of Public Works, and the Recreation Department.

FY25 Budget Changes from FY24

	FY24 Budget	FY25 Budget	\$ Change	% Change	FY25 FTE	Change from FY24
Planning and Building	\$ 979,022	\$ 741,610	\$ (237,412)	(24.2)%	7.375	-1.88
Department of Public Works	\$ 8,070,665	\$ 8,688,742	\$ 618,077	7.7 %	27.34	2.78
Recreation	\$ 1,524,429	\$ 323,398	\$(1,201,031)	(78.8)%	14.75	0
Total	\$ 10,574,116	\$ 9,753,750	\$ (820,366)	(7.8)%	49.465	0.9

A structural change in Public Services in 2024 created the Engineering Division within Public Works. Engineering functions were formerly managed within Community Development. Community Development no longer exists, and relevant functions have been assumed by Planning and Building, covered immediately below.

Planning and Building

The Office of Planning and Building is a newly formed office within Public Services. Planning and Building is a leaner version of the Office of Community Development. The office focuses on Building, Permitting and Planning, with Engineering now a division of Public Works. Two part-time administrators have been blended into an Administrative Coordinator position, further streamlining the staffing structure.

The Office of Planning and Building has two divisions with the following primary responsibilities: – *Building and Permitting* and *Planning*.

Building and Permitting Reviews permit applications and issues building permits and other land use permits. Investigates and followup on building code, zoning and general bylaw violations. Conducts inspections required for various certificates. Reviews and issues plumbing and gas permits.

Building and Inspection Services performs building code duties including permit review and inspections. This division also enforces local zoning and general bylaws, as well as state codes and regulations such as accessibility regulations. Much of what this division does is mandated by state law.

Building staffing includes the Inspector of Buildings, (new title, not a new role) an Inspection and Enforcement Officer, an Administrative Assistant III, and part-time Code Enforcement Officer, Plumbing & Gas Inspector, and Wiring Inspector. The Plumbing & Gas and Wiring Inspectors were previously shared with Watertown but became part-time, in-house positions in Spring 2022.

Planning Provides professional planning services, project-related services, and public services to residents, committees/ boards, developers, and others concerned about the Town's physical development.

The Planning Division handles land use, economic development, zoning, and planning issues for the Town. The Division provides professional "in-house" planning services, project-related services including review and discussions of preliminary and final development plans; staff to support permanent and temporary committees including the Planning Board; and public services through direct interaction with residents, developers, property owners and other interested parties.

Planning staff include the department Director and Town Planner, a Staff Planner, and an Administrative Coordinator for the Department, and Minutes Taker for the Planning Board, ZBA, and other committees as may be needed.

The FY2025 budget request for Planning and Building is \$741,610, which is a decrease of \$(237,412) or (24.25)% from the FY2024 budget.

Compensation is \$656,995, a decrease of \$(192,897) or (22.70)% due to moving the Town Engineer and Conservation Commission Agent to Public Works as well as eliminating the part-time Administrative Assistant II position.

Expenses are \$84,615, a decrease of \$(44,515) or (34.47)% due to moving Engineering costs to Public Works.

FY2025 Goals

There are two major initiatives to be undertaken by Planning and Building. The first is development of a comprehensive **Master Plan** for Belmont. This effort, which will draw upon multiple funding sources, will layout a cohesive plan for the growth of future Belmont. The master Plan will help inform future zoning bylaw rewrites.

The second major initiative is a **Market and Fiscal Analysis**, to be launched in FY2024. This Analysis, conducted by outside consultants and involving town committees and staff, will inform what commercial development growth to pursue that will be most successful in Belmont. The market analysis will inform and help optimize future land use, public housing and commercial development in Belmont.

- Key amendments to Restaurant Zoning Bylaw and consider strategic amendments to other Bylaw provisions.
- MBTA Communities Zoning - Have a full set of Zoning Bylaw Amendments ready for Fall 2024 Town Meeting that will Comply with MBTA 3A requirements and be aligned with town goals and needs.
- Community Preservation - Secure CPC funding to secure money for much needed repairs to the School Department.
- Committee Vacancies - Work with the Select Board to recruit new members to Committees that have vacancies.

- Staff Vacancies - Fill vacated roles in the Planning Division for Staff Planner and Minutes Taker.
- Inspector Ongoing Training - Enhance the proficiency of the local inspector in reviewing building and zoning applications through continuous training and support.
- Efficiency - Develop additional guidelines to expedite the processing of applications for building permits and certificates of occupancy.
- Responsiveness - Formulate more guidelines to improve responsiveness to General By-Law code enforcement.
- Advance Key Special Projects – Evaluate opportunity to initiate comprehensive plan, market/ fiscal impact analysis, and zoning bylaw reform projects.
- Provide Support to Other Town Boards and Committees – The planning Division provides some technical and administrative assistance, as time allows, to the Historic Districts Commission, The Housing Trust, and the Economic Development Committee.
- Research and Analysis – The Planning Division provides as-needed research and analysis services for other departments and the administration for special programs and projects.

Uncertainties and Future Considerations

- Will MBTA Housing plan pass in Town Meeting (November 2024), and will it pass state review?
- New Energy Code inspection and enforcement are untested.
- Fiscal impact of MBTA Housing is not known, but the plan is slated to be done by August, to supply that information to Town Meeting.
- A future consideration is the addition of a Coordinator of Economic Development, who would report to the Director of Planning and Building. This role is not in the FY25 staffing as of this writing.

Department of Public Works

The Department of Public Works (DPW) is composed of multiple divisions.

DPW staffing is increasing in FY25, due to the move of the Engineering Division from Community Development (now Planning and Building). Additional new hires will include an Assistant Town Engineer and a Storm Water Supervisor. There are also four open roles to be filled, down from a high of nine open positions. There were several staff retirements in FY2024, and those positions are being recruited and filled.

RECRUITING: Recruiting employees with a Commercial Driving Licenses (CDL) remains a challenge. Three new employees recently hired do not currently have these licenses, and are training to secure them at a cost of \$5k to \$8k per license. The CDL is required to drive and operate heavy equipment.

In response to recruiting challenges and persistent open, unfilled positions, the town conducted a peer town comparable salary study. After consultation with the unions, the level and starting salary of new hires was adjusted. With more competitive compensation, four new hires recently joined Public Works and filled budgeted, open positions.

Engineering

The Engineering staff includes the Town Engineer and a recently hired Resident Engineer. Recruiting is ongoing for an Assistant Town Engineer. The new hire FTE Storm Manager in the Water and Sewer Enterprise will report to the Town Engineer. The increase in FY2025 budget represents these increases in staff, plus the restructuring of Engineering to Public Works.

Highway Division

This budget covers sidewalk and road repair; line painting, street lighting, snow and ice removal; fleet maintenance; maintenance, construction and repair of the sewer system; and maintenance of deltas, islands and public spaces.

Changes in the budget from FY 2024 to FY2025 are due to department restructuring and moving Street and Trench Operator (STOP) to the Engineering Division.

With the passage of the override, additional funds are allocated to sidewalk repair, with repair priorities determined with the input of a consultant retained in FY2024.

There were no additional funds designated for roadways repair with the passage of the override in April 2024. \$1.9 million is allocated for roadway repairs from an earlier override but is not adequate to perform all repairs.

Forestry

In January 2024 Belmont appointed a new part-time Tree Warden. In addition, the town contracts with an outside tree service firm. The budget increase of 17.4% from FY2024 to FY2025 is due to the part-time salary of the tree warden, plus an increase in the fees paid to the outside firm for removal and planting of trees.

Parks and Cemetery

The 3% increase in budget from FY2024 to FY2025 is due to contractual COLA (Cost of Living adjustments). There is no change in FTEs in this division from last fiscal year.

Collection and Disposal

Salaries are level-funded from FY2024 to FY2025. The budget increase of 4.29% from FY2024 to FY2025 is due to rising costs of recycling and collection.

Solid waste and recycling contracts present a persistent challenge with ever-increasing fees and new regulations on recycling adding to costs.

SPECIAL DISPOSAL SERVICES: Extra costs are incurred with resident requests for disposal of mattresses and bulky items. The whole town bears the burden of these costs, which benefit only a few residents requesting the services.

As recommended in FY2024, the Subcommittee recommends that the fees for these services be reviewed and increased with the intent to make these services cost-neutral, if possible.

Per Jay Marcotte, department head, there are approximately 1,200 mattresses picked up annually; a fee of \$50.00 per mattress would generate \$60,000, adequate to cover the cost of this specially requested service. Also, per Mr. Marcotte, there are approximately 2,300 bulky items picked up annually, at extra charges from Waste Management. A fee of \$35.00 to \$40.00 per item would generate approximately \$80,000 to \$90,000 to cover the expense for this extra service.

Budget Risks and Considerations in FY2025

- Recruiting and staffing has improved, but there remain open positions in landscaping, notably around Claypit Pond and the school grounds. Looking to contracting services to fill this gap.
- Inadequate funding to address all sidewalks needing repair, plus rising cost of concrete for replace-in-kind.
- Increasing costs of solid waste and recycling service, plus new regulations add cost to maintain compliance.
- Reporting requirements and compliance to address and report sanitary sewer overflow (SSO) to DPA, DEP and Health Department.
- New storm water regulations, notably phosphorous detection and filtering, which will impact the new rink and library.

Water and Sewer Enterprise report will be delivered later, as this budget was not finalized until earlier this month. Meeting with the Department head has been conducted, and the report is being written.

Public Services Summary

Public Works - Water & Sewer Enterprise Budgets

The Water & Sewer Enterprise Funds are a component of the Department of Public works. Enterprise Funds are distinct from other Town departments as they are intended to be self-sustaining by charging separate user fees to customers. This section will provide a brief discussion of the Water and Sewer Funds' operations and costs, and changes in billing rates proposed for FY25.

Public Works Water Division

The Water Division maintains Belmont's water distribution system, delivers adequate and safe drinking water to the community, assures compliance with the USEPA Safe Drinking Water Act and Mass DEP regulations, and provides water for public safety firefighting. The Water Department maintains Belmont's 93 miles of water main pipes and valves, 825 fire hydrants, 7,745 water service pipes, and provides around the clock emergency service.

The Water Division is also responsible for compliance with USEPA and Mass DEP regulations. These regulations place a significant, growing, and costly burden on the Division.

- The FY254 Water Department budget is \$7,999,148, up 1.5%, or \$114,178, from FY24. The increase is driven by an 8.2% increase in compensation totaling \$129,489 from contractual increases and the addition of one FTE in the newly created Backflow Prevention Technician role. The Division's FY25 budget employs 13.3 FTEs; prior to this total FTEs had been held to 12.3FTE for the past 8 years.
- Overall, the Division's day to day operating budget, which includes compensation, is **(\$15,311) lower** than FY24 reflecting the ongoing success in reducing other operating costs to offset needed compensation increases.
- The single largest budgeted expenditure is the MWRA assessment, totaling \$3,326,6674, a decrease of (0.4%), or \$(13,250) from FY 24, based on preliminary FY24 rates. Final rates are not known until June 2024.
- The Division's capital budget for replacement of water mains and other infrastructure decreases by (\$91,297) in FY25. The Division funds capital improvements with cash raised through water charges and with annual low-cost borrowings.

- Indirect charges are essentially flat for FY25, a benefit provided by an FY24 updated analysis of services and charges. These represent amounts charged to the Division budget by other Town departments that provide administrative support.
- The Water Division Budget is shown here:

Water Division Budget Summary

Department Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 TA rec.	% Change	% Change
Compensation & Benefits	\$1,393,960	\$1,304,336	\$1,575,897	\$1,705,387	\$129,489	8.22%
Expenses	\$5,459,406	\$6,080,742	\$6,309,073	\$6,293,762	\$(15,311)	(0.24)%
Total 5250 Water Division	\$6,853,366	\$7,385,078	\$7,884,970	\$7,999,149	\$114,178	1.45%

Division Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 TA rec.	\$ Change	% Change
Total 5251 Water Dept. Operating	\$1,928,161	\$2,250,268	\$2,615,807	\$2,842,207	\$226,399	8.66%
Total 5253 MWRA Assessment	\$3,321,668	\$3,134,847	\$3,279,924	\$3,266,674	\$(13,250)	(0.40)%
Total 5254 Debt Service	\$867,038	\$804,188	\$794,488	\$784,538	\$(9,950)	(1.25)%
Cash Capital	\$210,000	\$669,275	\$940,100	\$848,803	\$(91,297)	(9.71)%
Indirect Expenses	\$519,000	\$519,000	\$244,166	\$246,442	\$2,276	0.93%
OPEB Contribution	\$7,500	\$7,500	\$10,485	\$10,485	\$—	—%
Total 5250 Water Division	\$6,853,367	\$7,385,078	\$7,884,970	\$7,999,149	\$114,178	1.45%

Public Works Sewer Division

The Division maintains Belmont's sanitary sewer system consisting of 76 miles of sewer mains, 2,365 manholes, 6,700 service lines to buildings, and three pumping stations. The Division also constructs, maintains and repairs Belmont's storm water drain system consisting of 54 miles of main lines, 2,000 catch basins and one stormwater pumping station. Storm water drains into local brooks, streams and other bodies of water and the Sewer Division provides for the maintenance of these resources.

- The FY24 Sewer Department budget is \$10,450,688, an increase of \$655,656, or 6.7%, from FY24. The increase is driven primarily by \$615,510 for expenditures deferred from FY24, when the budget was constrained. In FY25, incremental capital expenditures include \$100,000 for sewer line work, \$250,000 for stormwater interventions, and the replacement of a dump truck and staff vehicle.
- Budgeted FTEs are flat compared to FY24, at 13 employees.
- The single largest sewer division cost is the MWRA assessment, totaling \$5,735,537, a slight decrease of (0.25%) from FY24, based on preliminary assessment rates. Actual FY25 rates will not be known until late June 2024.
- As described above, the Division's capital budget for replacement of sewer mains and other infrastructure increases by \$615,510, or 87.9%, in FY25. The Division funds capital improvements with cash raised through user fees and low interest borrowings.
- Consistent with the Water Division, Sewer indirect charges are essentially flat for FY25, a benefit provided by an FY24 updated analysis of services and charges. These represent amounts charged to the Division budget by other Town departments that provide administrative support.
- The Sewer Division Budget is shown here:

Sewer Division Budget Summary

Department Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 TA rec.	\$ Change	% Change
Compensation & Benefits	\$922,946	\$767,535	\$1,429,325	\$1,436,959	\$7,634	0.53%
Expenses	\$8,262,413	\$9,793,824	\$8,365,707	\$9,013,729	\$648,022	7.75%
Total 5260 Sewer Division	\$9,185,359	\$10,561,359	\$9,795,032	\$10,450,688	\$655,656	6.69%

Division Summary	FY22 Actual	FY23 Actual	FY24 Approx.	FY25 TA rec.	\$ Change	% Change
Total 5261 Sewer & Stormwater Operating	\$1,389,770	\$1,458,688	\$2,187,718	\$2,217,430	\$29,712	1.36%
Total 5262 MWRA Assessment	\$5,482,714	\$5,677,771	\$5,750,128	\$5,735,537	\$(14,591)	(0.25)%
Total 5263 Debt Service	\$925,124	\$915,700	\$903,338	\$902,901	\$(437)	0.05%
Cash Capital	\$864,250	\$1,985,700	\$700,000	\$1,315,510	\$615,510	87.93%
Indirect Expenses	\$519,000	\$519,000	\$248,321	\$273,783	\$25,462	10.25%
OPEB Contribution	\$4,500	\$4,500	\$5,527	\$5,527	\$—	—%
Total 5260 Sewer Division	\$9,185,358	\$10,561,359	\$9,795,032	\$10,450,688	\$655,656	6.69%

Proposed FY24 Water and Sewer Rates

Historically, Belmont's Water and Sewer rates have been among the highest in Massachusetts, topping out at #1 until FY 2019. To manage public perception, Belmont held water and sewer rates flat starting in 2019, leading to our recent position at 7th highest in the state. Town Administration believed this was unsustainable and commissioned a water and sewer rate study to guide the FY24 budget. This study was updated for FY25 with revised 5-year estimates. The purpose of the study was to analyze the water and sewer Enterprise Funds' financial condition and propose a new rate structure to ensure the long-term financial stability of the funds.

The study generally found that the cost of operations and maintenance and infrastructure improvements will continue to increase through 2029, but at a slower rate than shown by the FY2024 study. Total water fund expenditures are projected to grow from \$8.0M in FY25 to \$9.02M in FY29. Likewise, sewer fund expenditures are expected to grow from \$10.4M in FY24 to \$11.3M in FY29. Given these estimates, the study recommends FY25 Water rate increases be reduced from 4% to 3%, and Sewer rates increases be maintained at 8% for FY25.

The study recommends the following rate increases:

	FY25	FY26	FY27	FY28	FY29
Water Rates	3.00%	3.00%	3.00%	3.00%	3.00%

	FY25	FY26	FY27	FY28	FY29
Sewer Rates	8.00%	3.00%	3.00%	3.00%	3.00%

With these rates in place, both the water and sewer funds are expected to maintain adequate cash flow over the period while funding reserve balances to at least the targeted level of 90 days' worth of operating and maintenance expenditures, on average.

FY 2025 Changes and Uncertainties

The Division plans to hire a full-time Storm Water Supervisor. This increase in staffing is needed to comply with ever-changing requirements and MassDEP mandates, inspections and reporting. For example, every establishment with public interaction must meet new backflow and phosphorous monitoring requirements. An uncertainty in FY 2025 and future years is the impact of new environmental mandates.

There will always be uncertainties regarding unexpected storm water projects such as the storm water enhancement in the Trapelo Road Project. A reserve fund needs to be maintained for these unexpected and unplanned projects.

While water consumption is down, fees still increase. This can be challenging to explain to residents and businesses.

Recreation

MISSION: The main goal of the Recreation Department is to provide a broad range of recreational activities and events for town residents of all ages and abilities while implementing the following goals: revise summer camp to work with the schools; locate safe spaces for more programming; expand program offerings related to the Youth Commission and enhance the role of the Youth Coordinator; support the Town's implementation of the new ice rink; and work with the Town as the Department transitions to the revolving fund for Recreation programs beginning in FY25.

FY25 Structure and Staffing Changes:

General Fund: The FY25 General Fund budget will fund compensation for the Recreation Department Administration: Director, Assistant Director, and two Program Coordinators. This request of \$323,398 is a decrease of \$1,201,031 (78.79%) because of the creation of a new Revolving Fund for all other expenses.

Recreation Revolving Fund: The FY25 Revolving Fund budget is \$1,279,115 (part-time and seasonal employees and all expenses for programs.)

The May 3, 2023 Town Meeting granted approval for a Recreation Revolving Fund. This will allow all activities to be paid for not using the General Fund. During FY 24 the Recreation Department began plans for transferring program expenses and compensation for seasonal and part-time staff to this fund. This will allow more flexibility as revenues that are generated from fees will cover the costs of the programs. The positions covered with the Revolving Fund include: Office Manager; Administrative Assistant; Seasonal Employees for Fall Winter Program, Spring Programs, Special Needs Programs

(S.P.O.R.T), Summer Pool Programs, and Summer Sports Programs . Custodial services are covered by the building in which the programs take place unless they are on weekends or off-hours, in which case custodians will be paid out of the Revolving Fund. All expenses to run programs will come from the Revolving Fund, which begins with fees coming in starting Spring 2024 for the Summer Programs.

A major change going forward is that the new rink/sports complex and its programs will be run by a separate revolving fund of its own, under the supervision of the Town Administrator, not the Recreation Department.

FY25 Budget Changes from FY24

The recreation staffing of 4 FTEs reflects a decrease of 14.5 FTE due to seasonal and part-time staff being moved to the Revolving Fund . It is assumed that there will be no operating expenses for the rink, which eliminated \$243,000 from the FY24 budget. Eliminated also are \$175,000 in ice recreation fees from revenue. The recommended budget for school ice sports relocation is unknown at this time, as the rink will likely not be open for high school hockey programs during the FY25 winter sports season.

	FY25 Budget	Change from FY24	% Change	FY25 FTEs	FTE Change
Total Budget	\$ 323,398	\$ (1,201,031)	(78.79)%	4	-14.75

	FY24 Budget	FY25 Recommended	\$ Change	% Change	FY FTEs
Total Compensation	\$ 844,439	\$ 323,398	\$ (521,041)	(61.70)%	4
Expenses	\$ 679,990	\$ —	\$ (679,990)	(100.00)%	0
Total Budget	\$ 323,398	\$ 323,398	\$ (1,201,031)	(78.79)%	

	FY24 Budget	FY25 Recommended	\$ Change	% Change	FY FTEs
Recreation Programs	\$ —	\$ 1,279,115	\$ 1,279,115	— %	4
Combined Total Revolving Fund	\$ 1,524,429	\$ 1,602,513	\$ 78,087	5.12 %	

BUDGET RISKS/UNCERTAINTIES in FY25

- Access to space for programs continues to be challenging
- Finding part-time trained staff and supervisors for seasonal programs
- The S.P.O.R.T. program has grown since the pandemic and finding qualified and dependable staff to support the program is difficult. Donations cover the costs, it's finding staff with the "right fit" is challenging.

RINK

The old rink has been demolished and the new building is not within the Recreation budget. When it opens in late FY25 or early FY26, the rink/sports facilities complex will be under the Facilities department, with a Rink Manager hired to set up program and manage the facility. Full and part-time staffers will all be under the Town Administrator in the General Fund.

OUTLOOK FOR FY25 and BEYOND

The Recreation Director is optimistic that fiscally, the future looks promising for the Recreation Department now that it has completed organization of full-time staff administration and created the Revolving Fund to cover expenses other than administration still in the General Fund. The Revolving Fund is expected to promote growth of programs at no cost to the town. Securing qualified and dependable part-time staffing is an on-going challenge.

Public Safety

Belmont Public Safety...

FY25 Budget Changes from FY24

	FY24 Budget	FY25 Budget	\$ Change	% Change	FY25 FTE	Change from FY24
Fire Department	\$ 6,390,227	\$ 6,610,701	\$ 220,474	3.5 %	55.49	0
Police Department	\$ 7,745,829	\$ 7,920,888	\$ 175,059	2.3 %	70.375	0
BEMA	\$ 24,144	\$ 24,144	\$ —	— %		
Total	\$ 14,160,200	\$ 14,555,733	\$ 395,533	2.8 %	125.865	0

Fire Department

FY25 Budget Changes from FY24

- After a 6.89% increase in FY24 driven by compensation increases tied to new union contracts, the overall Fire Department budget in FY25 will increase at a moderated 3.45%.
- The FY25 budgeted amount for salaries is up \$174,674 (3.05%). The Fire Department headcount remains unchanged at 55.5 FTEs for FY25. Department headcount has been largely flat since FY15 with the exception of a budgeted reduction of one firefighter in FY22, following the failed April 2021 override.
- Budgeted expenses are up \$45,800 (6.98%) in FY25 due primarily to an increase in ambulance use which has resulted in a corresponding increase in ambulance billing services expenses and the need for ambulance supplies.
- The department generates revenue for the Town through the reimbursement of ambulance transport services. FY24 revenue is projected to be \$1.2M (\$879,526 received as of April 2024), representing a projected 5.2% increase over FY23. This recent revenue expansion through reimbursable ambulance transport continues to be a department focus and represents an opportunity for modest additional revenue growth in FY25, though conservative revenue projects in FY25 hold the revenue flat at \$1.2 M.
- There are currently two vacancies in the Fire Department as of May 2024. The department has identified one candidate for hire who is currently deployed with the military and should be available in the fall. The department is actively working to fill the second vacancy. In general, Chief DeStefano believes that hiring through Civil Service in the Belmont Fire Department is working.
- Historical vacancies in FY24 and long-term disability have resulted in FY24 overtime running over budget with an offsetting impact in reduced salary expenses. With a department that is moving toward being fully staffed as we enter FY25, the overtime budget of \$655,041 for FY25 is projected to be flat as compared to last year.

Impact of Proposed FY25 Budget on Department Operations

- In FY24, the department has seen some employee turnover driven by compensation, lifestyle convenience, and uncertainty of long-term departmental funding. Firefighter salaries are generally similar to many comparable communities, but there are opportunities for firefighters to make more money in some higher-paying towns or cities. Employee turnover continues to be

a concern for the department, and one that can have impact on departmental effectiveness and budgets.

- Employee turnover in FY24, combined with FMLA and military service staffing gap, has forced the department to rely upon Overtime to meet staffing needs and respond to calls for service in the community.
- The Fire Chief is keen to introduce additional community engagement programs but the FY25 “level services” does not provide much in the way of additional funding for investment. Specifically, the broader rollout of the EMS bike unit, home safety inspections, and additional community outreach programs (e.g. CPR courses) are examples of programs that were not fully funded in the FY25 budgets. The Fire Chief continues to implement limited versions of these programs, to the degree possible, by leveraging modest funding and stepped-up commitments from the Fire Department staff.
- Incidents requiring Fire Department response have continued to steadily climb since COVID (2020: 2,678 incidents; 2021: 3,280 incidents; 2022: 3,869 incidents; 2023: 4,053). The frequency of calls for service increased 4.8% last year. EMS and Fire Alarm calls are some of the biggest drivers of incident growth. This steady growth puts strains on personnel and existing budgets which have only increased moderately in recent years.
- The Department expects to be able to meet its obligation to respond to the public safety needs of the Town, assuming no change to its current staffing model.

Budget Risks in FY25 and Later Years; Impact on Town Services

- Firefighter turnover has increased in the last year, and such turnover can be costly in both overtime, hiring expenses, and training.
- Overtime – driven by turnover, FMLA leaves, disability, and military service – continues to be a concern for the FY25 budget, but with immediate vacancies nearly filled, FY25 overtime levels could remain within budget.
- Steady increases in incidence response since 2020 are putting strains on personnel and department resources.
- The continued use of Civil Service is presenting less urgent challenges in ensuring a qualified pool of applicants for open roles.
- Growing challenges exist regarding requisite training to keep pace with emerging trends in fire, emergency medical services, and hazardous materials response. Examples include training and equipment to address electric vehicle accidents and fires.

Outlook/Recommendations for FY25 and Beyond

- The department should monitor recent trends in employee attrition, and work to address the key drivers to the degree possible.

Police Department

FY25 Budget Changes from FY24

- The FY 25 budget for the Police Department is essentially a level service budget, reflecting a modest increase of \$175,059 or 2.26% from FY 2024.
- The budgeted amount for salaries is increasing 1.20%. First Responder pay is the largest increase under collective bargaining agreements. Other increases include required cost of living adjustments.
- The rise in salaries will be somewhat offset by unfilled positions, long term injury, and recent retirements including some high-ranking officers. At the same time, continued vacancies result in above budgeted overtime. The Department has spent 125% of the patrol overtime budget several months before the end of FY24.
- The department in implementing non-Civil Service hiring to alleviate delays in hiring, and negotiations are ongoing as required for the department's exit from civil service. The department has issued a Policy on Recruiting and Selection of Police Officers and Civilian (non-sworn) Employees effective April 25, 2024, and a position has been posted outside the Civil Service system. It was also noted that neighboring Watertown is also coming out of civil service.
- The 10.54% increase in expenses is due in large part to increased costs of vehicle repair and a need to replace Taser equipment, which is a strong tool in de-escalation. The Department's current Taser equipment was purchased with a private donation but the hardware has a 5-year recommended useful life, and the department must contract for software to enable logging functions and periodic upgrades to the hardware.

Budget Risks in FY25 and Later Years; Impact on Town Services

- The Police Department's grant-funded Social Worker is one of its most effective programs but is not built into the operating budget. The Social Worker accompanies patrol officers and helps the Department address mental health issues, direct residents to alternate services, and divert incidents away from arrest and transports to emergency rooms. These diversions are more constructive for citizens and are less costly for the department, and the Social Worker monitors these diversions and savings. There is risk that this grant will not be renewed by the state in the future and the Town will lose the Social Worker's services unless the town is willing fund the position within the operation budget.
- Another budget area of pressing concern is Technical Services. Due to separation of the Police Department's servers and equipment from the Town's IT Department, the Police Department depends on a civilian employee of the Department, to work with the Town's IT Director to service many specialized and constantly evolving public safety IT services and equipment. The Department has a pressing need to update long-outdated technologies and to add dedicated IT technicians to the Public Safety staff. A recent IT audit determined that two positions are needed who could service both the Police and Fire departments. This transition will require adding these positions to the Public Safety budget. The Town Administrator plans to address IT needs in FY25 across Town departments, including the Police Department.
- Maintenance of the Department's vehicle fleet is slowing due to budget interruptions in the replacement cycle and increased costs of repair and replacement. The Department purchases Ford Interceptor Hybrid vehicles with 80% specialized parts, and each vehicle gets further specialized outfitting from a contractor. Usually the Department replaces three vehicles per year, but due to recent budget constraints, fewer vehicles were replaced and the Department is behind by four vehicles. Even vehicles that have been purchased are delayed by supply chain problems. The heavy usage of Department vehicles means these delays increase the risk of damage and affect Department readiness.

Outlook/Recommendations for FY25 and Beyond

- It will be important to build more resources for the Social Worker, tech services, and fleet maintenance into the Police Department budget.
- In addition, a long-term plan to increase participation in mutual aid would bring savings to the Department. The Department benefits from mutual aid programs including Northeast Massachusetts Law Enforcement Council, which provides aid from almost 70 communities in unplanned situations where extra officers are needed, such as school threat assessments. The Department receives more value than it gives in mutual aid. However, finding increased opportunities for mutual aid, including regionalization of dispatch services, will require some investment and long-term planning to gain projected savings.

General Government

General Government Departments are responsible for the administrative, financial, legal, and management functions of the Town. They are Town Clerk, Town Administration, Human Resources, Information Technology, Town Accountant, Town Treasurer, and Assessors' Office.

The FY25 budget numbers for the seven General Government Departments are listed in the table below. The details about each department are included in the sections that follow.

FY25 Budget Changes from FY24

	FY24 Budget	FY25 Budget	\$ Change	% Change	FY25 FTE	Change from FY24
Town Clerk	\$ 508,161	\$ 554,468	\$ 46,306	9.1 %	4.5	0
Town Administration	\$ 1,125,097	\$ 1,183,288	\$ 58,191	5.2 %	6.6	1
Human Resources	\$ 655,063	\$ 874,449	\$ 219,386	33.5 %	2.75	0
Information Technology	\$ 1,413,944	\$ 1,545,634	\$ 131,690	9.3 %	5.3	0
Town Accountant	\$ 443,031	\$ 430,725	\$ (12,306)	(2.8)%	4	0
Town Treasurer	\$ 649,437	\$ 585,194	\$ (64,243)	(9.9)%	5	-1.5
Board of Assessors	\$ 425,021	\$ 462,254	\$ 37,233	8.8 %	3.6	0
Total	\$ 5,219,754	\$ 5,636,012	\$ 416,257	8.0 %	31.75	-0.5

Town Clerk

The Town Clerk's Office consists of (i) the Town Clerk, (ii) an Assistant Town Clerk; and (iii) two Administrative Assistants, for a total of 4.0 FTEs. Carried within the Town Clerk's Office for budgeting purposes is the Town Moderator and the four-person Board of Registrars which constitute the other .5 FTEs and the scores of Election Workers.

Much of the 9.11% increase in the budget is driven by the fact that FY2025 will have three elections (State Primary, the Presidential and the Town elections). The elections have become more expensive with the State-mandated vote-by-mail and in-person early voting. Early Voting and Early Vote by Mail, which were initially deemed unfunded state mandates, are now substantially reimbursed by the State.

In addition to the Clerk's Office's well-known recordkeeping functions and pet licensing, the Town Clerk's Office is the point of contact for public records requests. There are approximately 100 public records requests each month and the Town, because of the size of our population is required to provide two hours of free labor in responding before the costs can be passed on to the party requesting the records. Fortunately, with the computer-assisted response available and with the support from all Town staff, the Clerk's Office has kept up the pace of responding to public records requests with no infractions in the last few years.

The Clerk's Office reports great satisfaction with its new computerized polling books and voting tabulation technology.

Town Administration

In FY24 the Town Administrator filled key positions including Treasurer, Assistant Treasurer, Assistant Town Accountant, Human Resources Director and Planning Director and promoted from within a new Town Accountant. These professionals bring valuable experience and expertise that has already begun to bear fruit; in particular, the reorganized Finance team, under Assistant Town Administrator and Finance Director Jennifer Hewitt, has worked collaboratively to streamline and update systems, improve processes, and enhance employee satisfaction. Through a reorganization of the financial team, the Town

Administrator had consolidated positions and reduced FY25 General Government staffing by 1.5 FTEs. Other major accomplishments include managing the second year of a new tool for operating and capital budget management and preparing two budgets for the two possible outcomes of the April 2024 override vote. The Town Administrator's office applied for and received new grants to fund town needs, including \$1 million in federal funds for Phase II of the Community Path design, \$432,000 in a Complete Streets grant from MassDOT to address crosswalks along Concord Ave, and \$98,000 in grant funds to enhance technological connections for Seniors at the COA. In addition, the Town was granted \$50,000 in state monies for shade trees, and other annual grants totaling more than \$100,000. Since COVID, the office had added the scheduling and management for 700-750 zoom calls per year to its workload.

The Town Administrator's FY25 budget will increase by \$58,191 or 5.17%, reflecting the addition of a rink manager mid-year. Year-over-year salaries, excluding the rink manager, are budgeted to increase 0.7%. Expenses are budgeted at the same level as FY24. In FY25, the Town Administrator's office will continue to review and implement structural change recommended by the Structural Change Impact Group and Collins Center Report, review existing and potential new revenue streams and continue to improve communication with residents. The office will be transitioning to an updated website using a small allocation of ARPA funds to cover the implementation costs.

The primary risk to the Town Administrator's budget is unanticipated legal fees. Over the past several years, the Town's legal fees have escalated to \$387,500 as the Town sought legal advice to resolve conflicts among property owners and residents, such as the Beatrice Road 40-B project and the Belmont Hill parking lot, as well as various other resident concerns. Legal costs can vary significantly depending on the number and type of issues that arise, and residents should be aware of the impact these issues can have on the Town budget.

Human Resources

In the past year, Kelli King has been hired as the new director of the Human Resources (HR) department. The focus of the HR department is on administration of staff benefits, labor relations, pay and position classification, and recruitment and retention.

Negotiations with municipal employee unions are a continual focus of the work of the HR department. At this writing, seven union contracts are up for renewal during FY25. In addition, the department continues to implement recommended changes in the wage and classification study that was completed in late 2022, and is working on revisions to the employee handbook.

In FY25, the HR department budget is increasing by 33.5% (\$655k to \$874k). Almost all of this increase is associated with salary reserve, which represents potential salary and cost of living adjustments for a number of public employee union contracts that could be settled during this fiscal year. Without the salary reserve increase, the HR budget would be increasing by 2.84%.

Note that half of the salary of one HR staff member (the HR Generalist) is paid from the Health Insurance Trust Fund.

Information Technology

The Information Technology (IT) department continues to devote about 90% of its time and efforts on protecting the town network from cyber threats, which have become increasingly sophisticated. Efforts to maintain security include staff training and fake phishing emails to maintain awareness. The cost of upgrades to equipment and software to detect and thwart attacks is one of the main drivers of the 9.3% increase in the IT department budget.

The department has been able to continue licensing Microsoft Office for staff on a non-subscription basis in FY25, though the expectation is that Microsoft will soon move to requiring subscriptions. The expectation is that when Microsoft implements a mandatory subscription model, the cost of software will increase by about \$98k per year.

Other notable topics in IT include a planned upgrade of the phone system, which is expected to reduce costs; and continued work on the fiber network, adding a redundant loop to the existing network and managing changes to the network due to the library demolition and construction.

Town Accountant

Since assuming the job a year ago, the Town Accountant has been updating and streamlining accounting procedures and processes to improve efficiency and accessibility of information across the administration. In late FY23, the Town Accountant's office absorbed payroll processing from the Treasurer's office and upgraded the payroll clerk position to Payroll Manager. Over the past year, payroll has transitioned from central data entry to departmental inputs and electronic pay advices have been introduced for Town employees. In August 2023, the department moved the former Wednesday pay day, which resulted in paying employees in advance of their workweek to Friday in order to line up properly with days worked. As a result, payroll complaints from employees have been all but eliminated. The Town Accountant reports that the FY23 implementation of the Tyler Content Manager, which hosts scanned invoices and allows review in real time, has reduced mounds of paperwork, and made retrieving documentation much more efficient for all departments. The finance team has instituted monthly meetings to train departmental employees and answer any questions that might arise with these new processes.

The FY25 Town Accountant's budget will decrease by (2.8%), to \$430,725. Salaries will decrease by (1%) due to staff exchange, and expenses will decrease by (10.3%) as FY25 does not include costs related to the biennial OPEB actuarial report. In 2024, the Town Accountant, in conjunction with HR and IT, has implemented Employee Self Service (ESS), which allows employees to log into a personal account to review pay stubs, access W-2s, change withholdings, update addresses, etc. This effort will continue into FY25 and is expected to create additional efficiencies and improve employee satisfaction.

The Town Accountant expects to put in a \$50,000 capital request in FY27 to review and update the Chart of Accounts in MUNIS, which organizes the Town's financial transactions. Belmont's Chart of Accounts has not been reviewed in decades and is expected to result in a cleaner, more streamlined system.

Town Treasurer

FY2025 represents the first budget presented under the newly appointed Treasurer. Already substantial savings have been realized. The FTEs have been reduced from 6.5 to 5.0 due to the elimination of the Admin Assistant and Office Assistant positions. The present Treasurer is an experienced professional capable of performing all the functions of her staff. She has reinforced and enhanced coordination between her office and the Town Accountant's office.

The new Treasurer has achieved efficiencies through some basic process improvements, including a new bill printing contract, transitioning pay advices from pre-printed perforated stock to basic copy paper and emailed pay advices, and requesting check stock from banks rather than self-printing, all of which result in a total annualized savings of \$17,003. That savings, coupled with the \$59,160 savings from reorganizing the administrative staff, resulted in a total combined savings of \$76,163, or 11.8% of the FY24 budget.

In addition, the Treasurer initiated a review of bank accounts and increased interest earning by shifting funds to higher yield accounts allowable under strict state regulations. This, in addition to a higher interest rate environment, has resulted in more than \$1 million in increased investment income.

As collector of taxes, the Treasurer reports only 20 delinquent tax payers.

The Treasurer in coordination with the Town Administration in light of the present high interest rates has deferred the permanent bond financing of the new construction of the Library and the Skating Rink by issuing short-term bond anticipation notes (BANs).

Board of Assessors

In April, town residents voted to change from an elected to an appointed Board of Assessors. The Select Board will determine whom to appoint as each elected office holder reaches the end of their elected term. The first such appointment will occur once the recount has been certified.

During FY24, the Town transitioned to a new deputy treasurer vendor, which coordinates distribution of motor vehicle excise bills. This change has resulted in a more streamlined bill review and generation process, which is overseen by the Assessors, with motor vehicle excise bills being distributed one week earlier than in past years.

The FY25 Assessor's budget will increase by 6.76% over FY24. Salaries will increase 4.4% in line with contractual obligations. Expenses will increase by \$25,000 due to costs incurred during a recertification year. Every five years the Massachusetts Department of Revenue recertifies the Town's assessed values, a process that typically lasts an entire year and increases the level of inspections, reporting, and time and effort required of the Assessor's Office.

The new growth figure for FY25 is expected to be \$860,000, largely driven by residential additions and renovations.

The Abatements and Exemptions reserve is \$840,000, which is approximately 1% of total property tax revenue. The reserve accounts for new growth valuations that might create additional abatement requests. Property tax work-off programs for Belmont senior homeowners are also charged to this account. The State recently increased the allowable amount to be earned through senior tax work off programs from \$1,500 to \$2,000, which the Select Board adopted in March 2024.

In line with the Collins Center report, the Assessor's Office has submitted a capital request of \$125,000 to replace the current CAMA system, which is at the end of its useful life. The department plans to transition to one of two vendors which are used by 95% of Massachusetts municipalities and is expected to create numerous efficiencies, including the ability of departments to access needed information on a more timely basis. The new system will be installed after the revaluation and transitioned over FY25.

Abatement requests have varied in recent years. (FY24 abatement requests were due this year on February 1, 2024.) A requested abatement from the Belmont Golf Club is currently in litigation.

Abatement Requests 2020-2024

Year	# of requests
2020	556
2021	408
2022	148
2023	139
2024	181

FY25 Recommendations

In line with Collins Center recommendation 2.1.2, a comprehensive PILOT (Payment in Lieu of Taxes) program should be developed by the Select Board and Town Administration for the Town's non-profit landowners.

The Town should continue to pursue business-friendly policies and a rewrite of zoning bylaws, with the goal of increasing the percentage of annual property tax receipts from commercial sources.

The Select Board should file a home rule petition with the state legislature to request an exemption from the 75% tax break under MGL Ch.61B, as applied to golf courses, as voted in the affirmative by Belmont Town Meeting.

Human Services

FY25 Budget Changes from FY24

	FY24 Budget	FY25 Budget	\$ Change	% Change	FY25 FTE	Change from FY24
Council on Aging	\$ 405,854	\$ 422,086	\$ 16,232	4.0 %	6.37	0
Library	\$ 2,348,394	\$ 2,391,802	\$ 43,409	1.8 %	26.75	0.5
Health Department	\$ 597,112	\$ 616,761	\$ 19,649	3.3 %	5.37	-0.9
Total	\$ 3,351,360	\$ 3,430,649	\$ 79,290	2.4 %	38.49	-0.4

Council on Aging

The Belmont Council on Aging (COA) serves the town and our seniors through a variety of programs, including social services; lunch and nutrition; wellness and exercise; learning; and arts and entertainment programs. These services also provide valuable socialization for Belmont's seniors.

The FY2025 budget represents a 4.00% increase from FY 2024. This increase is due to contractual and COLA adjustments to compensation, as well as an increase from 35 to 40 hours for the transportation coordinator.

Structural and FTE Changes in COA

Since December 21, 2023 the COA Director role has been filled by Brandon Fitts, Director of Recreation. In FY 2024 an Assistant Director and Volunteer Director was hired. An ARPA-funded part-time Social Worker was eliminated due to lack of demand for social services, which are being met by the part-time social worker on staff. With the passing of the override, that Social Worker will be funded and maintained to serve the needs of Belmont seniors.

In FY 2023 Volunteers contributed 6,367 hours of service to the COA and Senior Programs. This includes Seniors in the Work-Off tax relief program, interns, and other volunteers.

Grants and Other Funding Sources

Grants and Additional Funding will cover the compensation for one full-time and one part-time (.25) driver. In addition, a Media Specialist is grant-funded in FY2025. Regional Transportation fees, donations from Friends of the COA, and program fees from participants are additional sources of funding.

FY25 Grants

STATE EOEA Grant – Annual Formula Grant based on Census	\$ 94,542
STATE EOEA Misc Expenses – Annual State grant based on service statistics	\$ 26,241
STATE MDFA Tax & Livery Grant – Transportation Grant	\$ 16,341
FEDERAL HYBRID Grant – One time technology grant for programming	\$ 98,774

Program Overview

The temporary relocation of Belmont Library to the Beech Street Center caused some overcrowding issues when initially implemented. Those have been largely resolved, and the increased traffic in the Beech Street Center is seen as a net positive impact.

There have been several facility issues at the Center, some existing for years. These maintenance and repair problems are being addressed and include kitchen repairs - sinks and a freezer not functioning. Some problems addressed also impacted accessibility, such as lowering soap dispensers in the restrooms and repairing sidewalks.

The COA Served 1601 seniors in FY2023 (unique, non-duplicated individuals), 1531 of whom were Belmont residents. In FY2024, to date, the COA has served 1616 unduplicated seniors with congregate dining, health and wellness, and general information services, as well as programs off-site and transportation to medical and other appointments.

The Beech Street Center is rented out after hours and on weekends. Almost every weekend in February, March and April 2024 was rented. Fee increases for rentals will be considered, as are rental and usage fees for all town properties.

Future Considerations and Recommendations

The COA continues its efforts to bring needed services to Belmont's seniors. Rebuilding after COVID continues, and plans for FY2025 include:

- More outreach to inform and engage this important population. Per the most recent US census data, 17.6% of Belmont residents, or approximately 4,750 seniors, are over age 65. Per the Belmont census data, approximately 28% of Belmont residents are over age 60. (The Belmont census may be subject to inaccuracies due to non-returned census forms).
- Return to the Springwell warm, plated meals program, suspended since COVID. The lunch program is currently grab and go, which addresses nutritional needs, but does not provide any opportunity to socialize.
- Expand the volunteer opportunities for seniors. The COA relies upon the contribution made by volunteers to support programs.
- Modernize processes, including offering the option of credit card payments, updating the website and additional email outreach.
- More outreach and programs for "Junior Seniors", the younger segment of Belmont's Senior population.
- Additional trips to cultural and entertainment events.
- Support seniors living at Sherman Gardens during redevelopment.
- Continue to develop and enhance virtual and hybrid programs around relevant topics such as Medicare, Social Security, food insecurity, scams and solo aging.

Library

The Library has four main program areas: Public Services, which includes Circulation, Adult/Reference, Young Adult and Children's Services, all directly serving patrons; and three areas supporting those services, Technical Services, Plant Operations and Administration.

Budget By Program

Program	Budget \$	% Change
Administration	\$ 315,230	20.87 %
Public Services	\$ 1,462,358	0.09 %
Technical	\$ 437,774	11.79 %
Plant Operations	\$ 176,440	(24.88)%
Total	\$ 2,391,802	1.85 %

The old Library building has been demolished, and the new building being constructed on the existing site is scheduled to open in the Fall of 2025. During construction, Library Services are being operated out of the Beech Street Center, the Benton Library and the Chenery School.

Belmont Public Library continues to be one of the top circulating public libraries in the Commonwealth even compared to cities and town much larger than Belmont. Last year the Library experienced a 26% increase in foot traffic and the digital circulation has grown 42% in the last five years.

The Administration expenses have increased by 20.87% in FY25 driven by the additional position of an Assistant Director. This position was created largely with existing funds by a reallocation of staffing expenses. The 11.79% increase for the Technical Services includes funds for a new website and increased amount for in-house technology support.

The small overall increase in the budget for FY25 is deceiving. With no plant to operate during FY25, the Plant Operation expenses are down by 24.88%. Obviously, as we face FY26, the new building will be online and likely require more expenses than incurred in FY24, which were \$234,871. Hopefully, the Library efficiency in the new building with solar panels contributing to electrical needs and updated technology for self-checkouts and material handling will result in some operational savings.

Health Department

The Health Department's responsibilities include disease control, enforcement of state and local sanitary codes and health regulations, health permitting, animal control, and veterans' services.

Health Department Budget by Program

Program	Budget \$	% Change
Health Administration including Environmental Health and Disease Control	\$ 428,448	69.47 %
Veterans' Services	\$ 111,226	18.03 %
Animal Care & Control	\$ 77,086	12.50 %
Total	\$ 616,761	100.00 %

The department's budget increase of 3.29% results from contracted salary increases for part-time staff and increases for contract services, including food-service inspections and mosquito control.

In FY24 the Health Department's workload remained high in relation to staffing. The department continued catching up with post-Covid enforcement of sanitary standards in food services, using primarily contract inspectors due to lack of staff. Inspections of rental housing increased, driven by increased cost of living and high rents resulting in demand for better living conditions. The caseload increased for the Animal Control Officer due to frequent requests from adjacent towns for mutual aid; responses to rats and other nuisance animals; and "pandemic puppies" resulting in higher enforcement of leash laws and developing workable off-leash programs in parks that are already in high demand. The

department also provides flu and Covid vaccines to Belmont's senior population, which developed a trust in the Department's response to the pandemic and now depends on the combined clinics.

One-time federal COVID monies funded a temporary Public Health Agent, who was able to free the staff for inspectional services. The Agent also issued seasonal safety messages, kept statistics on rat infestations, tracked Covid cases, and conducted outreach for the Department on food safety inspections and veterans' issues.

However, with the end of the one-time federal funding, the Agent now works for a regional group of four health departments. Belmont receives support from this group but the Agent can only devote two (2) days per week to Belmont.

The low number of department staff results in contracting out for fundamental services such as restaurant inspections.

The Department has no full-time Public Health Nurse but shares a Nurse regionally with the Towns of Arlington and Brookline and the City of Newton. This Nurse works 14 hours (two days) per week for Belmont and is a Belmont employee. The Department's Veterans Agent also works part-time. There is high demand on the part-time Social Worker to address food insecurity, hoarding, and other complex housing conditions. Overall, the workload of the Health Department remains higher than it was before the pandemic.

Due to the above factors, "level funding" of the Health Department does NOT maintain level services, due to increased costs for contract inspectors and rising salaries in a staff that is stretched very thin.

The Department sought and received grants from other sources, including Massachusetts Department of Public Health to share regional services such as epidemiologists for tracking communicable disease. However, Belmont's low staffing means Belmont cannot contribute shared services on an equitable basis with the other towns in the shared services agreement. The Department lacks the staff to draft grant proposals for more funding.

Note

This report is a collaborative report that reflects many hours of work by all members of the Warrant Committee with assistance from the Town Administrator, Assistant Town Administrator / Finance Director, the Town Treasurer, the Town Clerk, the School Committee, School Superintendent and Finance Director, and each of the department heads. The Chair of the Warrant Committee takes responsibility for the content of this report. We welcome all feedback that could help make the report more useful to Town Meeting Members. Please email any comments to warrcommpublic@belmont-ma.gov.