



Warrant Committee Report Town of Belmont FY 2026 Budget

April 2025

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2024-25 Warrant Committee Members

William Anderson (Secretary)

Tom Caputo

Fitzie Cowing

Sue Croy

Deepak Garg

Anne Helgen

Geoffrey Lubien

Conor McEachern (Vice Chair)

Melissa Morley

Corinne McCue Olmsted

Brian Palmer (until April 2025)

Lynn Peterson Read

Paul Rickter (Chair)

Marie Warner

Jack Weis

Ex officio

Meghan Moriarty (Chair, School Committee)

Elizabeth Dionne (Chair, Select Board)

Executive Summary

Report of the Belmont Warrant Committee to Town Meeting April 2025

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 responsibility/charge 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.

FY26 Budget Process and Key Decisions

Starting in September 2024 and continuing through to March 2025, there were four public FY26 Budget Summits involving the four committees that are responsible for major fiscal decisions for Belmont (Select Board, School Committee, Warrant Committee, and Comprehensive Capital Budget Committee). The initial summit began with projections of anticipated revenue and subsequent summits continued with further refinement of those projections, followed by the production and presentation of draft and final budgets for the schools and municipal departments. These summits provided the public with a current snapshot of the development of the budget and provided stakeholder committees opportunities to review and comment. The final budgets produced by the schools and municipal departments were the output of this process and are described in detail in this report.

A major piece of the planning behind the FY26 Budget was a three-year model used to determine the size of the \$8.4 million operating override, which Belmont voters approved in April 2024. The decision by

the Select Board to ask the voters to approve that override included a commitment, which the Warrant Committee supports, to use the proceeds of the override plus existing reserves to fund school and municipal budgets for at least three years before another operating override is proposed. This year’s budget, which is the second of the three budgets covered by the plan, is in line with that commitment.

The 2024 override amount was calculated using a table of budget growth assumptions that is shown in Table 1 below. This has been the model used to calculate available funds for the FY26 budget and will be refined in future years. The Warrant Committee has determined that keeping budget growth rates within this model is crucial to limiting the size and frequency of future override requests.

Table 1: Override Model Cost Growth Assumptions

	FY26	FY27	FY28	FY29
School Salaries Expense Growth Rates	5.30%	5.20%	5.10%	5.00%
Schools Non-Salary SPED Expense Growth Rates	7.00%	6.50%	6.50%	6.00%
Schools Operating Expense Growth Rates	3.00%	3.00%	3.00%	3.00%
Total Municipal Expense Growth Rates	2.50%	2.50%	2.50%	2.50%
Total Benefits Expense Growth Rates	3.90%	3.90%	3.90%	3.90%

To expand on and formalize the financial modeling work done to calculate available revenues for town services, the Multi-Year Budget Advisory Committee has been created. This committee consists of representatives of the Select Board, School Committee, Warrant Committee, and Comprehensive Capital Budget Committee, plus the Town Administrator and Superintendent of Schools (ex-officio). Starting in the summer of 2025, this committee will meet publicly to calculate available revenues for the FY27 and future budgets and make long-term projections on revenues and expenses.

A key piece of determining available funds for this and future budgets is use of one-time funds, including the undesignated fund balance (“Free Cash”), the Override Mitigation Fund, and other stabilization funds. The use of these one-time funds is detailed later in this executive summary.

Overview of FY26 General Fund Revenues and Expenses

The FY26 recommended General Fund budget is \$166.23 million, up \$2.72 million or 1.7% from FY25. These numbers are affected by variations in transfers to stabilization funds between FY25 and FY26. When these transfers are ignored, the FY26 budget increases by \$8.88 million or 5.7%. The main categories of the budget are outlined in Table 2.¹ A significant part of the budget change comes from an increase in the School operating budget of \$3.73 million, or 5.6%. The Municipal portion of the General Fund operating budget increases by \$0.80 million, or 2.4%. Shared Services is up \$3.53 million, or 7.0%. The FY26 budget is supported mainly by property tax revenues, which are increasing by the usual 2.5% growth in the property tax levy plus a new growth estimate of \$860,000, which results in a \$3.83 million or 3.2% increase. Revenue for exempt debt, which pays the debt service on capital projects and is outside the operating budget, is increasing by \$2.51 million or 17.8%, due to new borrowing for the library and rink projects. Revenue sources are shown in Table 3. Available Funds includes \$3 million of Free Cash to support the operating budget in both FY25 and FY26.

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 2: FY26 vs. FY25 General Fund Budget (\$ in millions)

Expenses	FY2025 Estimated	FY2026 Projected	\$ Change	% Change
Belmont Public Schools	\$66.89	\$70.62	\$3.73	5.6 %
Regional Schools	\$0.23	\$0.23	\$0.00	— %
Total Education	\$67.12	\$70.85	\$3.73	5.6 %
General Government	\$5.71	\$6.07	\$0.36	6.3 %
Public Safety	\$14.48	\$14.70	\$0.21	1.5 %
Public Services	\$9.75	\$9.46	-\$0.30	(3.1)%
Health and Human Services	\$3.43	\$3.95	\$0.52	15.3 %
Total Municipal Government	\$33.38	\$34.17	\$0.80	2.4 %
Facilities	\$7.57	\$7.90	\$0.32	4.3 %
Pension Assessment	\$9.87	\$10.13	\$0.25	2.6 %
Employee Benefits	\$16.07	\$16.81	\$0.74	4.6 %
Debt Service	\$15.51	\$17.68	\$2.17	14.0 %
Other Shared	\$1.33	\$1.36	\$0.03	2.3 %
Total Shared Services	\$50.35	\$53.88	\$3.53	7.0 %
Capital - Streets	\$1.95	\$2.00	\$0.05	2.5 %
Capital - Sidewalks	\$0.50	\$0.51	\$0.01	2.5 %
Capital - Discretionary	\$3.17	\$4.37	\$1.19	37.6 %
Total Capital	\$5.62	\$6.88	\$1.26	22.3 %
Other Warrant Articles (OPEB, Stabilization Funds)	\$7.03	\$0.44	-\$6.59	(93.7)%
Total Spending	\$163.51	\$166.23	\$2.72	1.7 %
Net Budget Surplus/(Deficit)	\$0.00	\$0.00	\$0.00	— %

Note: Data does not include expenses budgeted in Enterprise Funds including Belmont Light. Calculations reflect rounding. Data is accurate as of April 17, 2025 and could be subject to minor adjustments before Town Meeting.

Table 3: FY26 Expected General Fund Revenues vs. FY25 Revenues (\$ in millions)

Revenues	FY2025 Estimated	FY2026 Projected	\$ Change	% Change
Property Tax Levy	\$118.43	\$122.26	\$3.83	3.2 %
Levy for Exempt Debt	\$14.08	\$16.59	\$2.51	17.8 %
Total Tax Levy	\$132.51	\$138.85	\$6.34	4.8 %
State Aid	\$15.10	\$15.50	\$0.40	2.7 %
Local Receipts	\$9.57	\$8.34	-\$1.23	(12.9)%
Available Funds	\$8.23	\$5.44	-\$2.79	(33.9)%
Revenue Offsets	-\$3.07	-\$3.11	-\$0.04	1.4 %
Enterprise Receipts	\$1.17	\$1.21	\$0.04	3.5 %
Total Revenues	\$163.51	\$166.23	\$2.72	1.7 %

Table 4 shows the changes in the Belmont Public School budget, which is supported mainly by the General Fund. General Fund expenses for the schools are increasing by \$3.73 million or 5.6% in FY26. It is important to note that in addition to the General Fund, the Belmont Public Schools also draw revenue from grants and revolving funds. COVID funds, which had been used in prior years to fund some school services, are no longer available.

Table 4: FY25 Total Belmont Public School Budget (\$ in millions)

<i>Belmont Public Schools</i>	FY25	FY26	\$ Change	% Change
General Fund	\$66.89	\$70.62	\$3.73	5.6 %
Grants & Revolving, Other	\$9.01	\$10.22	\$1.2	13.4 %
Covid Funds	\$1.00	\$0.00	-\$1.0	(100)%
TOTAL - ALL SOURCES	\$76.90	\$80.84	\$3.9	5.1 %

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 5.

Table 5: Enterprise Funds Expenditure Summary (\$ in millions)

	FY25	FY26	\$ Change	% Change
Water	\$8.00	\$8.12	\$0.12	1.6 %
Sewer	\$10.45	\$10.99	\$0.54	5.1 %
Total Enterprise Funds	\$18.45	\$19.11	\$0.66	3.6 %

Free Cash and Other One-Time Funds

In recent years, Belmont has become reliant on one-time funds, particularly the undesignated fund balance ("Free Cash"), to keep the budget in balance. Free Cash is generated each year when actual revenues exceed the amounts budgeted and expenditures are less than the amounts budgeted (also known as "turnbacks"). Because municipalities cannot run deficits, prudent budgeting almost inevitably

results in funds being left in the Town's accounts at the end of the year, which becomes Free Cash. Free Cash is certified annually by the state and best practice is to treat Free Cash as a "rainy day fund." Belmont financial policies specify that a Free Cash balance of at least 3% to 5% of the operating budget be retained and not spent.

For a variety of reasons, the Free Cash balance grew significantly during the COVID years and an increasing amount of Free Cash was used to balance the town budget. **Multiple reports to the town from outside experts have cautioned about our reliance on Free Cash to balance the budget and the Warrant Committee has repeated those cautions.**

The three-year plan enabled by the passage of a \$8.4 million operating override in April 2024 has reduced our reliance on Free Cash and should lead to more stability in budget planning going forward. Keys to the plan are:

- Calculation of \$3 million as "recurring" Free Cash that can be used to supplement other revenues. Financial modelling done in 2023 led to a conclusion that we should anticipate an annual replenishment of Free Cash of at least \$3 million. That \$3 million will be used as a revenue source each year, with \$2.56 million added to the operating budget and \$440,000 to pay for Other Post Employee Benefits. Any increase of Free Cash beyond \$3 million from turnbacks will be moved to one or more stabilization funds, or used for other one-time purposes. If Free Cash falls below \$3 million, that revenue would need to be found elsewhere or spending reduced.
- A large balance in Free Cash that exceeded the amount mandated by the financial policies was transferred to the Override Mitigation Fund (OMF) in June 2024. The OMF is expected to be used in FY27 and FY28 to supply additional revenue needed to keep those budgets in balance. Without the OMF, the 2024 operating override would have been significantly larger to provide for three years of town budgets without a further override.

A chart of recent use of Free Cash is shown below. This chart reflects two potential scenarios for FY27 and beyond, pending a decision by the Warrant Committee and Select Board on whether to reduce the carryforward Free Cash amount to \$1 million and move Free Cash beyond that amount to the General Stabilization Fund.

Chart 1: Free Cash Experience - FY19 to FY27 (\$ in millions)

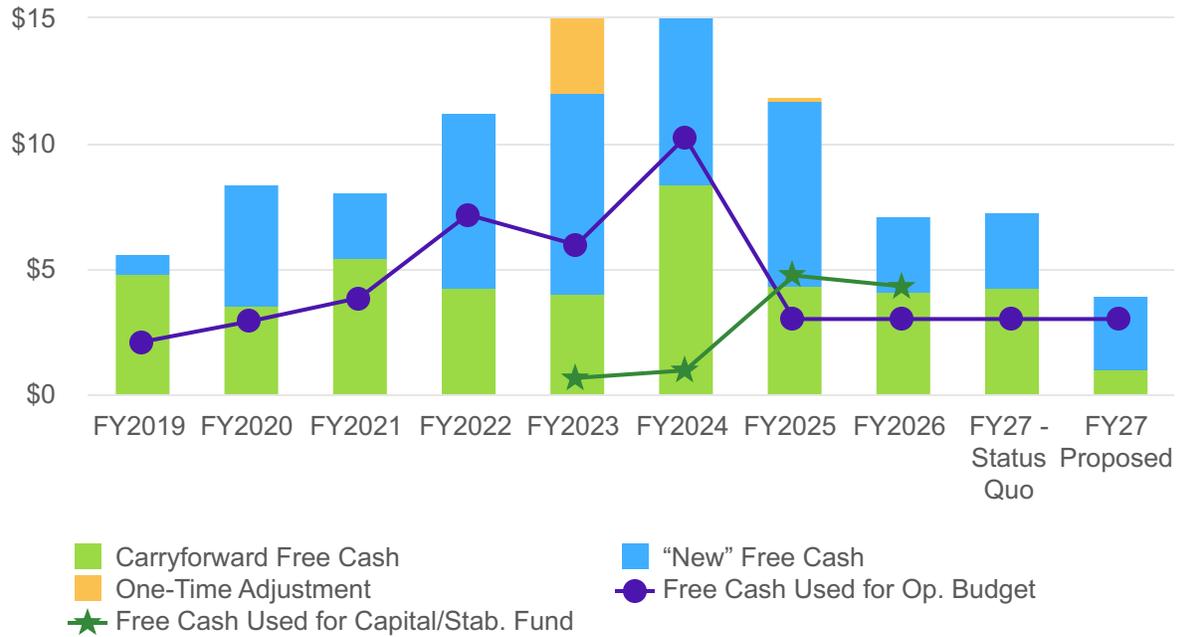


Table 6 shows the appropriation of Free Cash from FY22 to FY26, including the unsustainable usage of Free Cash in the Operating Budget before the 2024 operating override was approved by voters for FY25.

Table 6: Overall Free Cash Appropriation for FY22 to FY26 (\$ in millions)

Fiscal Year	Pre-Override			Post-Override	
	FY2022	FY2023	FY2024	FY2025	FY2026
Free Cash Available	\$11.24	\$15.03	\$15.55	\$11.87	\$8.30
Operating Budget	\$7.11	\$5.38	\$9.69	\$2.56	\$2.56
OPEB	\$0.05	\$0.58	\$0.55	\$0.44	\$0.44
General Stabilization			\$0.95		\$3.32
Opioid Settlement \$				\$0.11	
Capital Project - Chenery Boilers				\$1.50	\$0.98
Override Mitigation				\$3.13	
Fuel Tanks		\$0.65			
Total Uses	\$7.16	\$6.61	\$11.20	\$7.74	\$7.30
Remaining Balance	\$4.08	\$8.42	\$4.36	\$4.14	\$1.00 ²

In addition to Free Cash, the town maintains several operating and capital reserve funds that contain money that is available for potential one-time usage. Under state law these funds are designated as stabilization funds and can be created for designated purposes.

² This figure assumes that a new policy limiting Free Cash carryover to \$1 million will have been implemented. This decision has not been formalized as of April 17, 2025.

Override Mitigation Stabilization Fund

The planning behind the successful April 2024 operating override of \$8.4 million included the creation of an Override Mitigation Stabilization Fund (OMF). This was created by Town Meeting in June 2024, with an initial balance of \$3.13 million, transferred from Free Cash. The fund was supplemented by \$960k of excess property tax revenues from FY25. The original plan was to use the OMF in FY26 and FY27 to keep the budget in balance while reducing the overall size of the 2024 override. As this FY26 budget has been developed, revenues have increased sufficiently for Town leaders to conclude that no contribution from the OMF is necessary in FY26. This leaves the remaining balance of \$4.5 million, which will be used in FY27 and FY28.

Stabilization Funds

In addition to the Override Mitigation Fund, Town Meeting has created several other stabilization funds, some of which are available for general use and others of which can be spent only on designated purposes. All of these are considered **one-time funds**, which means that they should be used whenever possible for one-time purposes. Recommended practice for municipalities is to carry a total of at least 7% to 9% of the annual operating budget in general purpose stabilization funds. The current balances for these funds are listed in Tables 7 and 8.

The following funds are available for general purposes:

- General Stabilization
- Override Mitigation
- Free Cash Carryforward

The following funds are available for specific purposes:

- Capital Stabilization
- Kendall Fund
- Ash Landfill Stabilization
- Capital Endowment

Table 7: Operating Reserves

Fund Name	FY25 Balance
General Stabilization	\$ 3,923,014
Override Mitigation	\$ 4,528,710
Free Cash Carryforward	TBD...
Total Operating Reserves	\$ 8,451,724

% of Operating Budget 5.7%

Table 8: Dedicated Reserves

Fund Name	FY25 Balance
Capital Stabilization	\$ 2,836,665
Kendall Fund	\$ 1,205,388
Ash Landfill Stabilization	\$ 3,111,966
Capital Endowment	\$ 5,389,305
Total Dedicated Reserves	\$ 12,543,324

Risks in the FY26 Budget

Balanced budgets. By law, Belmont departments must operate within the budgets passed by Town Meeting. If actual spending for any department appears likely to exceed the total budget by year end, spending must be reduced or reserves must be utilized.

Economic conditions. Revenue is calculated annually with some tolerance for small shifts in economic conditions, which might affect receipts to a small degree. A recession that reduces revenue sources significantly is more difficult to manage. The Town maintains the above reserves, notably in General Stabilization and Free Cash, to make up for reduced receipts in a recession.

Federal grants. Portions of both the municipal and school budgets rely on Federal grants, which are increasingly uncertain. The school budget in particular is dependent on Federal grants. In the event that these grants are reduced or eliminated, these funds would need to be replaced from other sources.

Tariffs and regulatory changes. Tariffs announced in April 2025 have the potential to increase costs of materials purchased by the Town. In addition, there is the potential for a significant number of changes in Federal agencies and the regulations that they enforce. The risks of unforeseen effects on the FY26 budget are difficult to assess. Almost every aspect of Belmont municipal and school operations has some potential for being affected.

Facilities/Capital. Certain Town facilities have deferred capital reinvestment. The Town has engaged an engineering firm to conduct a building assessment, the results of which are expected later in 2025. That assessment will help define the reinvestment needed in the coming years. Three significant projects must be addressed in the next three years: the Chenery roof (\$4.2 million), Harris Field refurbishment (\$1.9 million), and the landfill closure (\$5.7 million). The Comprehensive Capital Budget Committee (CCBC) forecasts that a total of \$72 million is needed for capital maintenance and improvement over FY26-FY30, although much of this capital investment has dedicated funding sources.

Healthcare costs. Belmont self-insures its municipal employees and retirees for healthcare. If health insurance costs rise more than the budgeted 6.0%, there could be more pressure on the Town Health Insurance Trust Fund to cover any overages.

Union contracts. Multiple union contracts (teachers and other school staff, firefighters, and police patrol officers) will expire during the summer 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 and municipal budgets and put additional pressure on balancing a budget where expenses significantly outpace recurring revenues.

Longer-term Issues

Even with a successful \$8.4 million override in April 2024 and the decision to use \$3 million of Free Cash each year in the operating budget, there is still a gap between revenues and expenses. This gap will require the Town to reduce expense growth to match revenues, find new sources of revenue, and/or ask voters to approve an operating override as soon as FY28. Table 9 below shows the multi-year outlook, which indicates the potential for a shortfall of \$1.03 million in FY28.

Table 9: Warrant Committee Multi-year Outlook (\$ in millions)

	FY25	FY26	FY27	FY28
Revenue Budget (\$M)	Projected	Projected	Projected	Projected
Property Tax Levy	\$118.43	\$122.26	\$126.18	\$130.19
State Aid	\$15.10	\$15.50	\$15.69	\$15.89
Other Revenue Sources	\$7.82	\$6.65	\$6.70	\$6.75
Use of Free Cash	\$3.00	\$3.00	\$3.00	\$3.00
Use of Override Mitigation	\$0.00	\$0.00	\$1.90	\$2.91
Total Available Revenue	\$144.35	\$147.41	\$153.47	\$158.74
Expense Budget (\$M)	Projected	Projected	Projected	Projected
Schools	\$66.89	\$70.62	\$74.41	\$78.34
Municipal	\$33.38	\$34.17	\$35.03	\$35.91
Shared Services	\$38.98	\$36.87	\$38.23	\$39.60
Capital	\$5.11	\$5.74	\$5.80	\$5.92
Total Expense	\$144.35	\$147.41	\$153.47	\$159.77
Net Budget Surplus/(Deficit)	\$0.00	\$0.00	\$0.00	-\$1.03

On expenses, growth in school spending continues to outpace spending in municipal departments. In FY26, the School Department was able to reduce its recent budget growth and that progress needs to continue in FY27 and beyond. Some municipalities have had success adopting annual percentage expense growth targets for school and municipal departments. Belmont should consider adopting such a model. On revenues, a town-wide focus on increased commercial development through zoning reform and business promotion is needed, but these measures will take time.

In the coming years, if efforts at addressing expenses and revenues are successful, the result will be smaller operating override requests and more financial stability. The Warrant Committee pledges to continue working with Town leaders to promote the steps needed to achieve that financial stability.

Departmental Budgets

Education

School Department Overview

Budget by Source of Funds	FY26		Change from FY25			FTEs	
	Budget in \$	% of Total Operating Budget	in \$	in %	share of total \$ change	FY26	Change from FY25
General Fund Operating Budget	70,618,619	87.4 %	3,732,915	5.6 %	94.9 %	557.7	10.5
Grants & Revolving Funds	10,220,420	12.6 %	1,206,717	13.4 %	30.0 %	36.1	1.6
COVID Relief Funds	—	— %	(1,004,369)	(100.0)%	(25.5)%	—	(9.0)
Total - All Sources	80,839,039	100.0 %	3,935,263	5.1 %	100.0 %	593.8	3.1

The Belmont Public Schools (BPS) 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 to provide a complete picture of school finances. However only the General Fund is voted by Town Meeting and is the only one funded by Belmont’s property tax levy.

This section of the FY26 Warrant Committee report focuses on three key areas of the School Department budget that have a more significant impact on the overall cost of the Belmont Schools: enrollment, state-mandated Special Instruction (Early Education, English Language Learning, and Special Education), and staffing (salaries and FTEs). Special Education includes both in-district and out-of-district placements. The School Department has no control over Special Instruction enrollment and the required level of services. Staffing costs (salaries and benefits) are driven by the needed level of FTEs and the terms of the union contracts.

FY26 budgeted General Fund expenditures total \$70,618,619, an increase of 5.6%, or \$3,732,915, over FY25. Including all funding sources, the School Department’s total expenditure budget is \$80,839,039, 5.1% higher than FY25.

In the General Fund, the FY26 budget is built based on the FY25 budget and growth factors include increases for contractual salary increases (including cost of living adjustments (COLA)), mandated services, vendor contracts, and inflation. Also, funds were added for certain programmatic, operational, and equipment needs, plus 8 FTEs previously funded by the expired ARPA monies. The preliminary FY26 budget increase over FY25 was then 6.6%. Next, the Department adjusted expenditures, resulting in a (\$662K) savings and efficiencies. This detailed process enabled them to meet both student needs and the Town’s revenue based General Fund expenditure growth rate of 5.6%.

In the Grants and Revolving funds, the Department is budgeting a \$1.3M increase in mandated Special Instruction contract services (\$682K Private Placement Tuitions and \$614K transportation) over FY25, to be funded by State Circuit Breaker grant monies.

As of February 2025 the Department projects an estimated General Fund budget deficit of \$(266K), driven mainly by higher than expected contract student support services. The Department has little control over these costs and is actively working to minimize this possibility. Should such additional costs persist, it may increase pressure on the FY26 budget and possibly result in the BPS funding them through reductions in other budget line items.

General Fund Budget by Program Category

Program Category	FY26		Change from FY25			FTEs	
	Budget in \$	% of Total Operating Budget	in \$	in %	share of total \$ change	FY26	Change from FY25
Regular Instruction ³	29,903,761	42.3 %	978,212	3.4 %	26.2 %	277.1	(0.8)
Special Instruction ⁴	25,115,778	35.6 %	1,003,646	4.2 %	26.9 %	164.7	1.9
Student & Instructional Services ⁵	10,279,106	14.6 %	1,375,575	15.4 %	36.8 %	63.8	7.4
Leadership & Administration ⁶	5,041,758	7.1 %	390,990	8.4 %	10.5 %	52.1	2.0
Contract Allowance & Fringe Benefits ⁷	278,216	0.4 %	(15,508)	-5.3 %	(0.4)%	—	—
Total General Fund Expenditures Budget	70,618,619	100 %	3,732,915	5.6 %	100 %	557.7	10.5

The table above shows the major program categories funded by the General Fund. Separately, Grants and Revolving Funds utilized in the FY26 budget total \$10,220,420, which is a \$1,206,717 (13.4%) increase from FY25. These funds represent 12.6% of FY26 total budgeted expenditures. This increase reflects the rising cost of out of district tuitions and the increasing number of students requiring such services. It will be funded mainly by the use of MA State Circuit Breaker funds.

Compared to FY24, the BPS's budgeted reliance on Grants and Revolving funds has increased 32.2%, while reliance on the General Fund has increased 12.3%. We believe this increasing reliance on Grant funding is a risk to the overall budget, as such outside sources may not be guaranteed in future years.

The FY26 General Fund budget's 5.6% increase is broken out below, across Regular Instruction, Special Instruction, Student and Instructional Services, and Leadership and Administration:

- Regular Instruction represents approximately 42.3% of the total General Fund Budget and is increasing by 3.4%, or \$978,212. Staffing levels in this budget category are essentially flat, so the increase is the result of annual step and lane salary increases for teachers and other staff.
- Special Instruction represents the combined 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 25,115,778 (35.6%) of the total General Fund budget and \$1,003,646 (26.9%) of the \$3,732,915 General Fund increase. By comparison, Regular Instruction expenditures represent 26.2% of the total FY26 General Fund increase.
 - Out-of-District expenditure increases totaling \$576,028 are driven by increases in private and collaborative tuition and out of district transportation, and account for 57.4% of the \$1,003,646 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 \$437,219 are driven by rising compensation, purchased contract service costs, and the proposed hiring of 2.9 additional FTEs. These programs account for 43.6% of the \$1,003,646 FY26 Special Instruction increase. Also, FY25 in-district expenditures are currently forecasted to exceed FY25 budget by almost 50% as of mid year, mainly from the need for higher contract services.

³ Core academic education for Grades K-12. Includes physical education, fine arts, music, etc.

⁴ Special Education, (including some pre-K) and English Language Learning.

⁵ Guidance/Health/Psychological Services, Library/Technology, Curriculum/Staff Development, Food Services, Transportation, Athletics & Student Activities, METCO.

⁶ Allowance for future union contract increases.

⁷ District-wide Administration, Individual School Administration, Legal.

- English Language Education and Early Childhood Education costs were relatively unchanged from FY25.
- Student & Instructional Services represent approximately 14.6% of the FY26 General Fund budget and are increasing by \$1,375,575, or 15.4%. The primary drivers are the addition of 5.6 formerly ARPA funded FTE (4 social workers and 1.6 Health FTE), a psychologist, and an allocation of 0.5FTE in SPED aides. Also, one Technology manager position was repurposed across Athletics and the Library staff.
 - Regular Day Transportation, contracted for with a bus company, is budgeted at \$1,508,076 across all funding sources for FY26. This cost has grown from \$958,344 in FY24, from: 1) adding 5 new buses in FY25 to accommodate the opening of the new Middle School (each costing 9% more than one of the then existing 10 buses); 2) a 5% rate increase on all buses in 2026; and 3) a partial offset of the total cost by eliminating one bus for FY26.

This cost is shared between the General Fund and a Revolving Fund that captures bus fees. For 2024, 2025 and 2026 the General Fund share of the total cost was/is 71%, 65% and 80%, respectively. The increase to 80% in FY26 is because additional revolving funds were used in FY25 to pay for the five new buses. The Department has budgeted an FY26 fee increase of \$30/rider to support the increasing cost of the buses. Since the budget was approved, the School Committee voted to increase bus fees by \$50/rider in FY26.

The BPS recognizes that paying the increasing busing costs diverts scarce funding from educational programs and services. The Department is investigating possible ways to reduce this cost by changing bus routes, eliminating buses, and increasing fees.

- Leadership & Administration represents 7.1% of the FY26 General Fund budget and consists of the 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 \$390,990, or 8.4%, in FY26, driven by 1 FTE Principal position and 2.5 FTE Lunch Aides at the Chenery Upper Elementary school, partially offset by 1.3 FTE fewer Lunch Aides at the Butler School.

The following table shows the district’s expenditures by major functional category. Overall, salaries comprise approximately 82.2% of total costs; classroom teacher salaries are 49.6% of the total and are rising by \$1.5m, or 3.1%, over 2025, under the terms of the existing union contract.

General Fund Budget by Function

Function	FY26		Change from FY25			FTEs	
	Budget in \$	% of GF Budget	in \$	in %	share of total \$ change	FY25	Change from FY25
Classroom and Specialist Teachers	35,060,532	49.6 %	1,049,790	3.1 %	28.1 %	319.9	-2.4
Other Teaching Services	6,565,523	9.3 %	363,675	5.9 %	9.7 %	114.3	3.6
Instructional Leadership	5,411,263	7.7 %	178,730	3.4 %	4.8 %	66.2	0.8
Pupil Services	5,441,907	7.7 %	613,852	12.7 %	16.4 %	12.8	2.1
Guidance, Counseling and Testing	3,416,387	4.8 %	664,722	24.2 %	17.8 %	30.4	5.8
Administration	2,146,454	3.0 %	255,876	13.5 %	6.9 %	10.8	0.0
Total Salaries	58,042,066	82.2 %	3,126,645	5.7 %	83.8 %	554.4	9.9
Materials, Equipment \$ Technology	1,824,801	2.6 %	(177,326)	(8.9)%	(4.8)%	1.3	0.6
All Other	1,141,181	1.6 %	350,783	44.4 %	9.4 %	2.0	0.0
Total In District	61,008,048	86.4 %	3,300,102	5.7 %	88.4 %	557.7	10.5
Payments To Out-Of-District Schools	9,610,571	13.6 %	432,813	4.7 %	11.6 %	0.0	0.0
Total General Fund	70,618,619	100.0 %	3,732,915	5.6 %	100.0 %	557.7	10.5

Enrollment

In the years before COVID-19, total enrollment in the Belmont Public Schools (BPS) steadily increased from year to year, and those enrollment increases were a significant cost driver for the School Department budgets. In FY21 and FY22, likely due to the pandemic, district-wide enrollment declined, primarily in the elementary grades. Since FY22, district-wide enrollment has grown modestly every year, but total enrollment is still down 261 students (5.6%) from its high in FY20. Moreover, K-4 enrollment has continued to decline every year since FY21. Overall, K-4 enrollment is down 25% in the past five years, and down 14% over the past ten years. Meanwhile, Grade 9-12 enrollment, while essentially flat this past year, is the highest it has been for at least the last twenty 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	Grades K-4	Grades 5-8	Grades 9-12	K-12 Total	Change from Prior Year
FY25	1,463	1,456	1,454	4,373	18
FY24	1,514	1,379	1,462	4,355	34
FY23	1,586	1,371	1,364	4,321	36
FY22	1,594	1,362	1,329	4,285	(87)
FY21	1,653	1,410	1,309	4,372	(262)
FY20	1,827	1,489	1,318	4,634	73
FY19	1,825	1,428	1,308	4,561	34
FY18	1,812	1,421	1,294	4,527	122
FY17	1,784	1,357	1,264	4,405	104
FY16	1,733	1,323	1,245	4,301	81
FY15	1,699	1,285	1,236	4,220	83

Five Year

#	(364)	(33)	136	(261)	
%	(24.9)%	(2.2)%	10.3 %	(5.6)%	

Ten Year

#	(236)	171	218	153	
%	(13.9)%	13.3 %	17.6 %	3.6 %	

Enrollment is measured as of October 1st of each Fiscal Year. (Excludes Pre-K.)

Source: MA DESE Enrollment by Grade Reports

This pattern of growth in the higher grades and declining numbers in the lower grades has created a dynamic where, in recent years, a larger number of high school seniors have graduated than new students entered kindergarten. This dynamic is not unique to Belmont. Many surrounding communities are experiencing the same trend. However, unless this dynamic changes, total enrollments are likely to decline in future years. Conversely, because the impact of recent and pending zoning changes in Belmont and the state's stated goal of expanding the supply of housing is unknowable, those initiatives have the potential to increase the number of students attending Belmont public schools in the future.

Demographic trends affecting Belmont school enrollment were the subject of a report⁸ by McKibben Demographic Research that was commissioned by BPS 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

All Belmont children are legally entitled to educational services provided by the Belmont public schools, regardless of the level of service that they require. Special Instruction covers three categories of services:

- Special Education (SPED) for Students with Disabilities (SWD) - Services for students that have some type of disability that affects their ability to make effective educational progress, and who

⁸ McKibben Report: <https://drive.google.com/drive/folders/1Qvckbv2L49WMhMqgkQ2Ss7AjqdSr5ZX>

therefore require specialized educational services through an Individual Education Plan (IEP). If the district cannot meet the needs of these students internally, the students are enrolled in facilities outside of Belmont that are able to meet those students' needs.

- English Language Education (ELE) - Students whose first language is not English and who are unable to perform ordinary classroom work in English.
- Early Childhood Education Pre-Kindergarten (Pre-K) - The B conducts screenings throughout the year for Belmont children between three and five years old. Students with identified special needs who are unable to make progress in a traditional community preschool are then provided Town-funded services ranging from enrollment in an integrated classroom with typically-developing students from the community to outplacement services.

Special Education

As shown in the table immediately below, the total number of students requiring SPED services has grown significantly, increasing by 42% in the past five years and by 80% over the past ten years. This increase has been most pronounced since the start of the COVID-19 era, with the percentage of SPED students growing from a little over 10% of the overall student population in FY20 to about 16% this year.

Additionally, the number of students receiving SPED services out of district (OOD) has increased significantly in the past few years. Between FY14 and FY20, the number of OOD students averaged around 95. However, that number grew to 130 in FY23, where it has generally remained since then.

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

10-Year Special Instruction Enrollment

Year	English Language Learners		Special Education Students		Out-of-District Special Education Students	
	#	% Students	#	% Students	#	% SPED
FY25	411	9.2%	730	15.9%	129	17.7%
FY24	440	9.9%	688	15.1%	125	18.2%
FY23	427	9.8%	645	14.3%	130	20.2%
FY22	362	8.3%	604	13.5%	102	16.9%
FY21	347	7.9%	540	12.0%	96	17.8%
FY20	385	8.2%	513	10.7%	95	18.5%
FY19	361	7.8%	498	10.6%	93	18.7%
FY18	336	7.3%	486	10.4%	107	22.0%
FY17	279	6.2%	458	10.0%	104	22.7%
FY16	257	5.9%	444	10.0%	98	22.0%
FY15	225	5.3%	405	9.3%	93	22.1%
5-Year Change						
#	26		217		46	
%	6.8%		42.3%		48.4%	
10-Year Change						
#	186		325		48	
%	82.7%		80.2%		51.6%	

*Enrollment is measured as of October 1st of each Fiscal Year.
Source: MA DESE Enrollment by Selected Populations Reports, Belmont Public Schools*

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. As shown in the preceding table, the number of ELE students in the BPS has almost doubled over the past ten years, growing from 225 to 411 students, and increasing as a percentage of the total student enrollment from about 5% of all students to over 9%. ELE enrollment declined about 7% from FY24 to FY25, from 425 to 411. However, as of January 1, 2025, the School Department reported that ELE enrollment had risen back to 425.

It is important to note that the second prong of the definition for English Language Learners regarding students not being able to do classroom work in English is a critical component. MA DESE also tracks students for whom English is not their first language, even when they are fully proficient in English. In the FY 25 school year, approximately 30% of Belmont’s students had a first language other than English. Consistent with the growth rate in ELE students, the percentage of students for whom English is a second language is up about 50% from 10 years ago, when such students represented about 20% of the district’s total enrollment.

Early Childhood Education

As previously noted, the Pre-K program serves both children with special needs and typically-developing students. Students without special needs are enrolled in the in-district integrated classroom program on a private tuition basis and are selected randomly through a lottery of applicants. As of October 1, 2024, 75 students were enrolled in the Pre-K program. While enrollment levels have fluctuated slightly from

year to year, hitting a low of 48 students in FY21 during the COVID-19 pandemic, the FY25 enrollment number is the highest it has been in the past 10 years, running about 15% higher than the 64 students that the program has averaged over that 10-year period. Moreover, between October 1, 2024 and March 1, 2025, Pre-K enrollment has increased even further, growing by an additional 15 students to a total of 90 students.

Special Instruction Expenditures

Special Instruction (SI) expenditures include all English Language Education (ELE), Early Childhood Education (Pre-K), and Special Education (SPED) expenditures. Students with Disabilities (SWD) receive SPED services either in-district, through regular and in-house and contracted specialized instruction and support services, or out-of-district (OOD) in specialized schools. As previously noted, the SI FY26 General Fund budget is \$25.1 million, a 4.9% increase over the FY25 budget, of which SPED represents 90% of these total costs. The total FY26 SI budget, including the General Fund and grants, is \$30.9 million, an 8% increase over FY25. The higher growth rate in the total budget versus the General Fund budget is due to a 28.7% higher use of grant funding (mostly State Circuit Breaker funds for out-of-district tuitions).

As shown below, 92% of the increase in the FY26 SI budget consists of SPED in-district and out-of-district expenditures. The year-over-year changes in the various SI expenditures are described in more detail below.

FY 25-26 General Fund Special Instruction Budget (Includes SPED, ELE and Early Education (Pre-K))

	FY26		Change from FY25			FTEs	
	Budget in \$	% of Total Budget	in \$	in %	share of total \$ change	FY26	Change from FY25
Special Instruction Components							
Special Education (SPED)	\$ 22,644,408	90.2 %	\$ 1,013,247	4.7 %	101 %	137.80	2.90
English Language Education	1,813,760	7.2 %	-7,791	(0.4)%	(1)%	17.20	0.20
Early Childhood Ed. (Pre-K)	657,610	2.6 %	-1,810	(0.3)%	— %	9.70	-1.20
Total Special Instruction (SI)	25,115,778	100 %	1,003,646	4.2 %	100 %	164.70	1.90
Special Education Components							
In-District Expenditures							
Teachers, Aides & Admin	8,496,086	33.8 %	362,403	4.5 %	36 %	135.20	2.90
Psych & Behavioral Therapy	1,345,125	5.4 %	80,928	6.4 %	8 %	2.60	—
Program Srvcs, Tutors & Supls.	1,003,478	4.0 %	-6,112	(0.6)%	(1)%	—	—
Total In-District	10,844,689	43.2 %	437,219	4.2 %	44 %	137.80	2.90
Out-of-District Expenditures							
Private Tuitions	4,435,344	17.7 %	94,247	2.2 %	9 %	—	—
Collaborative Tuitions	5,175,227	20.6 %	338,566	7.0 %	34 %	—	—
Total Out-of-District Tuitions	9,610,571	38.3 %	432,813	4.7 %	43 %	—	—
Transportation	2,189,148	8.7 %	143,215	7.0 %	14 %	—	—
Total Out-of-District	\$ 11,799,719	47.0 %	\$ 576,028	5.1 %	57 %	—	—

Source: FY26 Budget as of March 27, 2025

English Language Education (ELE) Costs

FY26 ELE General Fund expenditures are budgeted at \$1.8 million, a 0.5% decrease from FY25. This includes a 0.20 increase in FTEs.

Early Childhood Education (Pre-School) Costs

FY26 Pre-K General Fund expenditures are budgeted at \$657,610, essentially unchanged from the FY25 budget. The budget reflects a reduction of 1.2 FTEs General Fund FTEs, which is offset by the addition of 1.0 grant-funded FTEs. As previously noted, Pre-K enrollment has increased by 15 students between October 1, 2024 and March 1, 2025. Further increases in enrollment may necessitate an additional unbudgeted FTE during FY26.

Special Education Costs

Special Education (SPED) expenditures include all SPED teachers, aides, occupational therapists, tutors, and contracted and other services for over 700 students with a wide variety of individual learning, behavioral, physical, developmental, social, emotional, and other specialized educational needs. For 80% of students in the Belmont Public Schools (BPS), these needs are met within the district. The SPED budget also includes mandated SPED out-of-district (OOD) tuitions and transportation costs for students whose needs cannot be met by the Belmont school system.

SPED expenditures represent a significant driver of the BPS General Fund budget due to added SPED FTEs and related compensation increases, high levels of OOD tuition and transportation expenditures (and the increase in higher cost private v. collaborative placements), and contractual specialized services for in-district students with disabilities (SWD).

FY26 SPED General Fund expenditures are budgeted to be \$22.6 million, an increase of \$1.1 million (or 5.0%) compared to FY25. SPED expenditures represent 32.0% of the overall General Fund Education budget. Since the pandemic began, the number of students requiring mandated services has grown significantly, with many of these needs having been met in-district with additional resources. Between FY20 and FY26, the BPS budget has added a total of 31.1 General Fund and 3.0 grant-funded SPED FTEs to the total budget. Some of these positions added to the General Fund were previously funded with grants. These new positions do not include guidance, behavioral therapists, transition room staff, social workers, and other specialized positions that have been added during that period.

In-District Expenditures

For FY26, in-district expenditures are budgeted to increase by 4.9% (\$512,196), driven by compensation and contract service expenses. The FY26 budget for salaries and services is, in some cases, lower than actual expenditures in FY24 and mid-year FY25 forecasts. In-district SPED salary and non-salary expenditures were 39.3% above budget in FY24 and are forecast to be over budget by almost 50% in FY25 (as of mid-year). This is primarily due to unbudgeted contract services with outside vendors, in part because the district has not been able to fill critical specialized positions.

The budget includes 2.9 General Fund incremental FTEs to address increased in-district needs and programs. For FY25 and FY26, the School Department has prioritized building new programs for OOD cohorts that could be better served by in-district classes and programs. As of March 2025, the district had piloted two in-district language-based programs and one behavioral program with a total of 13 students, supported by 3.5 FTEs hired in anticipation of program development in FY25. An additional 1.0 FTE will be added in FY26 to add one language-based program to the 6th grade.

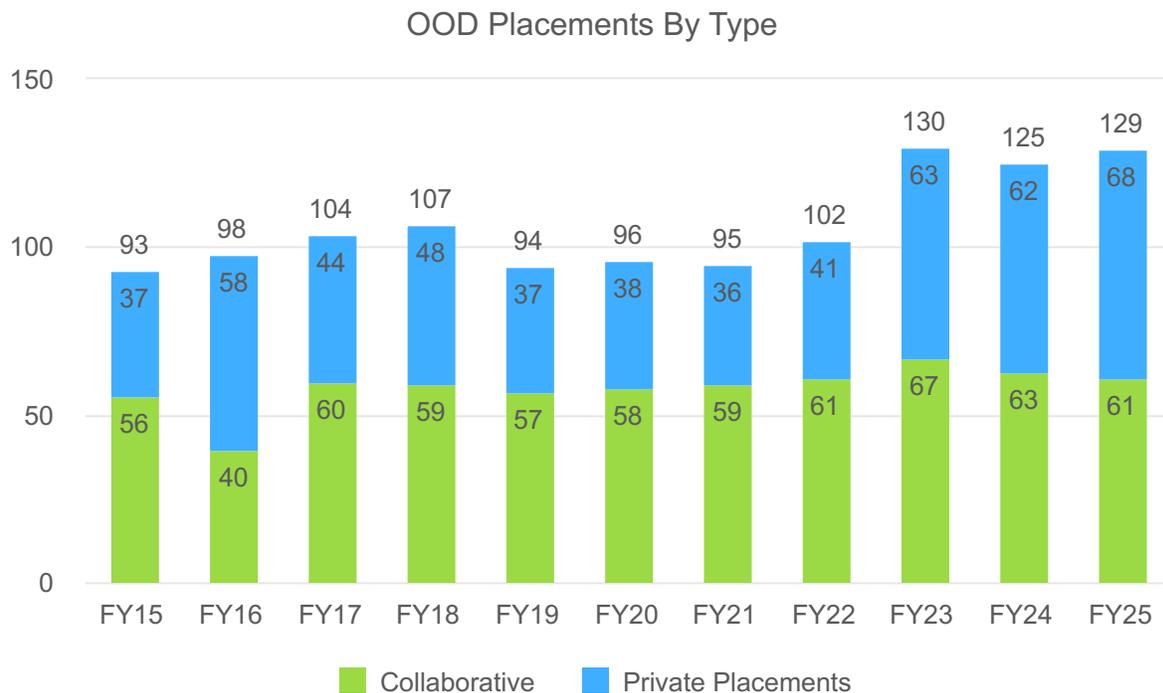
The BPS administration believes that the investment in staff and specialized programs will, over time, reduce the number of OOD placements, tuitions and related transportation costs. The administration expects families will choose quality in-house programming (if available) over OOD placements. Providing programming in the district allows students to be integrated into their community, go to school with their siblings and neighbors, and to participate in after school activities.

Out-of-District (OOD) Expenditures

Out-of-district tuition and transportation expenditures, described in detail below, together represent 42.4% of SPED General Fund expenditures in FY26 and represent 13.6% of the FY26 Education General Fund budget and 17% of the total General Fund and grant-funded FY26 School Department budget.

The BPS is legally responsible for OOD tuitions, OOD 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 six-town collaborative school for SWD, of which Belmont is a member), as well as more expensive 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 significantly higher than the cost to serve students in-district. As described below, the district receives state and federal funds to offset the high cost of OOD expenditures. However, the required OOD expenditures for tuition and transportation regularly exceeds the combined amount of current state and federal funds, and reserves carried forward from the prior year. The balance determines the General Fund OOD budget.

Over the past three years, total OOD placements have ranged from 125 to 130 students, a noticeable increase from the 99 OOD students that the district averaged over the prior eight years. (The district has indicated that an additional three possible OOD placements are in process this year.) Private placements during this three-year period have averaged 64 students, about 50% higher than average number of private placements in the prior eight years. However, the number of collaborative placements during this same three-year period has actually declined slightly. Because the average cost of private schools is higher than the average cost of collaboratives, this trend towards fewer collaborative placements and a growing number of private placements results in increasing pressure on the rate of increase in OOD tuition costs.



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, out-of-district tuition expenditures rose to an unprecedented level in FY24 and continue to increase at a rapid rate. The School Department's forecast as of December 2024 indicates that FY25 OOD tuitions, including grant-funded, are expected to total \$12.9 million, a \$0.9 million (7.5%) increase over FY24 OOD actual tuitions and \$211,247 above the FY25 budgeted amount of \$12.7 million.

Total FY26 General Fund and grant-funded OOD tuitions are budgeted at \$13.8 million or 8.8% higher than FY25 budgeted tuitions, and 7.0% higher than the forecasted FY25 tuitions as of March 2025. This increase is based on a projected similar number of placements next year. The General Fund portion of OOD tuitions is projected to increase by 4.7% to \$9.6 million. The lower growth rate in the General Fund budget versus the overall expenditure growth rate of OOD tuitions will be absorbed by OOD reserves, which include the receipt of higher than budgeted Circuit Breaker funds in FY24 and FY25.

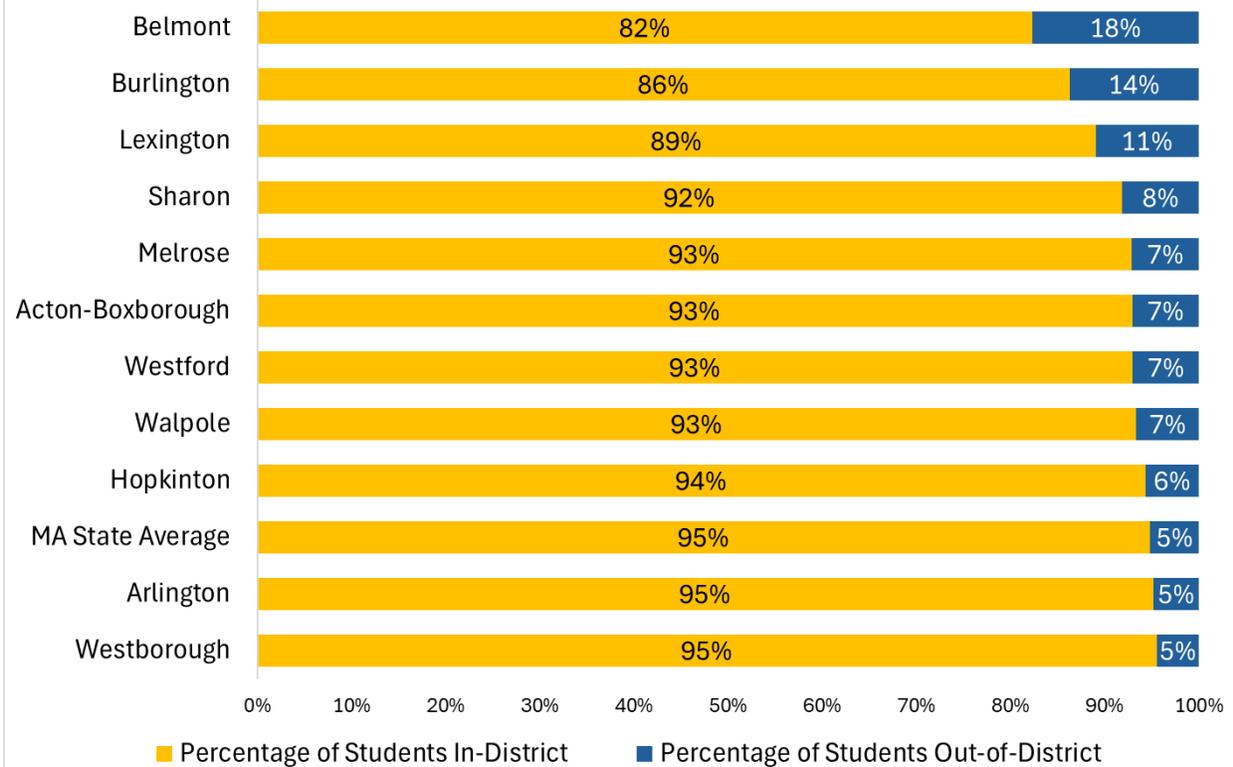
Transportation to out-of-district schools is mandated by the state and the district shares transportation vehicles to individual schools with placements from surrounding communities. Unlike regular transportation, which is typically more predictable, the cost of SPED transportation can vary widely per student and change during any period due to circumstances outside of the School Department's control, such as a change in the number of students from neighboring communities sharing the cost of a specific transport.

Total FY26 SPED transportation is budgeted at \$2,803,148, or \$757,215 above the FY25 budgeted amount, of which \$614,000 is charged to the Circuit Breaker (allowable under state Circuit Breaker rules). This represents a 37% increase in total budgeted SPED transportation expenditures, although the district's tuition budget is based on flat placement numbers for FY25-FY26. The General Fund portion of SPED transportation is budgeted to increase by 7%, in line with prior years.

Belmont OOD Placements Versus Other Districts

Using 10 peer districts chosen by DESE based on similar demographics, Belmont's out of district (OOD) students as a percentage of total SWD is significantly higher than any of these identified districts, as shown in the graph below. This is particularly significant because Belmont's SWD student cohort increased by 42% between FY20 and FY25 (from 513 to 730). This rate of increase was more than triple the rate in all but one of these communities (Westford, which increased 15.3%). As a result, Belmont's number of OOD placements (and therefore cost) is significantly higher than any of these districts, regardless of enrollment size.

2025 Percent of Students With Disabilities Who Attend School In-District or Out-of-District



Source: DESE RADAR Special Education, District Profiles (March 2025 data)

OOD Funding Sources

Out of district (OOD) placements are funded by the General Fund, federal Individuals with Disabilities Education Act (IDEA) funds, state-administered Circuit Breaker (CB) grants, and LABBB credits (representing surpluses returned to member towns), with the CB representing the largest portion of non-General Fund sources of funding. 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 tuitions or transportation that occur during the year. LABBB credits must be spent in the fiscal year they are received and therefore are typically budgeted.

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

	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Budget	FY26 Budget	FY2025-26 Change	
Tuition Expenses by Placement Type:							\$	%
LABBB Collaborative	\$ 4,026	\$ 3,805	\$ 4,285	4,573	\$ 4,786	\$ 5,121	\$ 335	7.0 %
MA Public	---	\$ 33	\$ 33	47.3	\$ 51	\$ 54	\$ 3	5.9 %
Private	\$ 4,016	\$ 4,401	\$ 6,038	6,811	\$ 7,692	\$ 8,457	\$ 765	9.9 %
Out-of-State	\$ 34	\$ 130	\$ 135	158	\$ 170	\$ 181	\$ 11	6.5 %
Total Out-of-District Tuitions	\$ 8,076	\$ 8,370	\$10,491	\$11,590	\$12,698	\$13,813	\$ 1,115	8.8 %
Tuition Expenses by Funding Source:								
General Fund	\$ 3,363	\$ 6,030	\$ 4,839	8,677	\$ 9,178	\$ 9,611	\$ 433	4.7 %
General Fund SPED Reserve Fund	---	---	\$ 673	---	---	\$ —	\$ —	— %
Federal IDEA Grants	\$ 1,695	\$ 789	\$ 770	782	\$ 675	\$ 715	\$ 40	5.9 %
MA State Circuit Breaker	\$ 3,018	\$ 1,385	\$ 3,840	2,030	\$ 2,846	\$ 3,487	\$ 641	22.5 %
LABBB Credits ⁹	---	\$ 166	\$ 119	100	\$ —	\$ —	\$ —	— %
Warrant Committee Reserve		\$ —	\$ 250		\$ —	—	\$ —	— %
Total Funding Sources	\$ 8,076	\$ 8,370	\$10,491	\$11,590	\$12,698	\$13,813	\$ 1,115	8.8 %

Sources: Belmont Public Schools Budgets and Multi Year OOD Tuition Funding Plan

OOD Reserves

OOD reserves represent unspent federal, state, and other funds that are designated to fund OOD tuition and OOD transportation costs and largely can be spent over the course of two years. Accumulation of reserves is based on several factors, including: 1) the difference in actual-to-budgeted tuitions; 2) the amount of grant funding and intra-year changes; 3) the lag in receipt of state Circuit Breaker (CB) funding relative to eligible OOD expenditures; 4) unbudgeted increases or decreases in funding; and 5) unpredictable annual distribution of LABBB credits. As such, OOD reserves are highly variable. Historically, the School Department has depleted the General Fund OOD tuition budget first before using funds in the reserves for over budget expenses, with the net reserve balance “carried forward” into the next year. The “carried forward” reserves help bridge the gap in state CB tuition reimbursements and allow the Department to absorb unanticipated and unbudgeted new placements that occur after the budget has been approved.

Since the pandemic, the School Department has actively managed the reserves to a budgeted level. Although there is no written policy, the Department’s Multi-Year OOD Funding Plan has targeted \$1.3-1.5 million in year-end reserves when budgeting OOD tuitions. The actual reserves can vary considerably from plan. In FY23, reserves were completely depleted when the district experienced unprecedented increases in OOD placements and tuitions. In June 2023, Town Meeting approved \$1.2 million (\$600,000 for the SPED Reserve Fund and \$607,000 for the FY24 budget) to replenish reserves. During FY24, the district received over \$1 million in additional unanticipated CB funds. In prior years, this unanticipated source of funding might have been used to replenish reserves. However, at the end of FY24, the School Department reduced the amount of OOD tuitions charged to the FY24 General Fund budgeted tuitions line by \$1,030,902 and used those funds to mitigate deficit spending in various SPED and other GF line items. The corresponding amount of reallocated OOD tuitions was charged to the CB, resulting in a FY24 year-end reserve balance of \$1.2 million. As of FY25 Q2, the district is forecasting a potential General Fund deficit of \$266,580. The School Department has indicated that use of the CB funds is one potential part of the mitigation plan to address any possible year-end deficits.

⁹ Does not include \$43,979 in FY25 LABBB credits that are required to be used in FY25.

Over the past two years, CB funds allocated to Belmont have increased from \$2.6 million to \$4.8 million, much of which was unanticipated and unbudgeted in FY24 and FY25. These CB allocations reflect an increase in Belmont's OOD placements in FY23 and FY24, as well as extraordinary relief funds due to the high rate of increase in the district's placements. In addition, extraordinary funds were provided to all school districts in FY24 to offset state-approved increases in specialized school tuitions. These unanticipated funds allow for more flexibility in how the district determines the share of OOD tuitions to allocate to the General Fund, and also provides additional cushion in the event deficits in the Department's overall General Fund budget. Using a reserve level of \$1.3-1.5 million, the district has been able to shift SPED OOD and transportation expenditures from the General Fund to the CB to free up GF funds for other line items, such as was done at the end of FY24.

In the March 2025 mid-year OOD funding plan provided by the School Department, the district included projected charges of \$574,283 against the FY25 CB balances to cover possible unbudgeted increases in SPED OOD transportation expenditures that would otherwise need to be covered by the General Fund. Using Circuit Breaker funds to cover OOD transportation cost is allowable under CB rules. The Department also has budgeted \$614,000 in transportation costs to be funded by the CB in FY26 to help offset possible increases in FY26 transportation expenditures in FY26. Since the amount of the CB funding that Belmont receives is a function of OOD enrollment, using the CB funds to cover the transportation costs impacts either the amount available to cover unbudgeted tuition expenses or the level of year-end reserves.

In FY26, the amount of OOD tuitions and grant transportation expenditures are \$1.9 million more than budgeted in FY25; the General Fund portion of this increase is \$577,000, with the balance charged to the circuit breaker and other reserves. As mentioned earlier, FY26 SPED General Fund line items such as transportation and SPED contract services are budgeted significantly lower than actual prior year's expenditures with the expectation that the CB funding and reserves can mitigate any possible year-end deficits, as was the case in FY24. However there are risks to the long term viability of this strategy: as OOD student placements and tuitions decline, so will CB balances. This, in turn, could squeeze the General Fund budget if the reduction in General Fund tuitions is not enough to offset the increases needed to reflect actual costs in under-budgeted line items.

As of December 2024, the School Department has projected FY25 tuitions to be more than \$200,000 higher than budgeted. OOD tuitions and SPED transportation costs can change dramatically over a short period of time, as was experienced in past three years. A further increase in tuitions and/or charges to reserves to cover General Fund deficits could result in lower reserves at year-end and affect the cushion available in FY27. Conversely, lower-than-budgeted OOD tuitions and/or transportation costs could result in higher reserves at year-end.

As one of the major drivers of the School Department budget, changes in OOD tuition and transportation expenditures can have a significant impact on the General Fund budget and, in some years, has resulted in freezing other parts of the budget. Although the variables are not always predictable, this budget necessitates close attention. Routine and regular updates regarding OOD expenditures throughout the budget cycle and throughout the fiscal year is needed in real time in order for Town Meeting members to fully understand risk to the General Fund budget and reserves in any relevant year.

The table below shows the OOD reserve balances by funding source.

Out-of-District Reserve Balances by Funding Source (\$ in thousands)

	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Budget	FY26 Budget	FY26B v FY25B
Prior Year Carry-Forward Balances:							
Belmont General Fund	---	---	---	---			
General Fund SPED Reserve Fund	\$ 673	\$ 673	\$ 673	\$ 600	\$ 600	\$ 600	\$ —
Federal IDEA Grants	\$ 660	---	\$ 11	---	---	\$ —	\$ —
MA State Circuit Breaker	\$ 1,823	\$ 627	\$ 1,502	---	\$ 448	\$ 561	\$ 113
LABBB Credits	---	---	---	---	---		---
Total Prior Year Reserve Balance	\$ 3,156	\$ 1,300	\$ 2,186	\$ 600	\$ 1,048	\$ 1,161	\$ 113
Plus: Current Year Allocation:							
Belmont General Fund	\$ 3,935	\$ 6,030	\$ 4,731	\$ 8,677	\$ 9,178	\$ 9,611	\$ 433
Federal IDEA Grants	\$ 1,035	\$ 799	\$ 782	\$ 782	\$ 675	\$ 715	\$ 40
MA State Circuit Breaker ¹⁰	\$ 1,822	\$ 2,260	\$ 2,339	\$ 2,638	\$ 3,261	\$ 4,277	\$ 1,016
Other Allocation ¹¹	\$ —	\$ 166	\$ 551	\$ 100	\$ —	\$ —	\$ —
Total Current Year Allocation	\$ 6,792	\$ 9,255	\$ 8,403	\$12,097	\$13,113	\$14,603	\$ 1,490
Total Available Revenues	\$ 9,948	\$10,555	\$10,589	\$12,697	\$14,161	\$15,764	\$ 1,603
Less: Current Year Expenditures:							
Belmont General Fund	\$ 3,363	\$ 6,030	\$ 4,839	\$ 8,677	\$ 9,178	\$ 9,611	\$ 433
Federal IDEA Grants	\$ 1,695	\$ 789	\$ 770	\$ 782	\$ 675	\$ 715	\$ 40
MA State Circuit Breaker	\$ 3,018	\$ 1,385	\$ 3,840	\$ 2,030	\$ 2,846	\$ 3,487	\$ 641
Other Expenditures ¹²	\$ —	\$ 166	\$ 1,042	\$ 100	\$ —	\$ —	\$ —
Total Current Year OOD Expenditures	\$ 8,076	\$ 8,370	\$10,491	\$11,590	\$12,698	\$13,813	\$ 1,115
SPED Transportation-MA Circuit Breaker	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 614	\$ 614
Total OOD and Transportation Expenditures	\$ 8,076	\$ 8,370	\$10,491	\$11,590	\$12,698	\$14,427	\$ 1,729
Ending Carry-Forward Balances:¹³							
General Fund SPED Reserve Fund	\$ 673	\$ 673	\$ —	\$ 600	\$ 600	\$ 600	\$ —
Federal IDEA Grants	---	\$ 11	\$ 23	---	---	\$ —	\$ —
MA State Circuit Breaker	\$ 627	\$ 1,502	\$ 183	\$ 608	\$ 863	\$ 737	\$ (126)
Total Ending Carry-Forward Balances	\$ 1,300	\$ 2,186	\$ 206	\$ 1,208	\$ 1,463	\$ 1,337	\$ (126)

¹⁰ Does not include \$43,979 in FY25 LABBB credits that are required to be used in FY25. If included, the year-end reserves for FY25 and beginning reserves for FY26 would be higher by that amount.

¹¹ Other Allocations contains Warrant Committee Reserve, General Fund SPED Reserve Fund, MA State Circuit Breaker Extraordinary Relief, LABBB Credits. At the end FY23, the School Department returned the WC Reserve to the Town and used unbudgeted CB funds to bolster reserves for a total of \$206,000.

¹² Other Expenditures contains General Fund SPED Reserve Fund, Warrant Committee Reserve, LABBB Credits. At the end of FY23, adjustments were made to the GF and to allocate unanticipated CB receipts to reserves. The reserve number does is higher than the difference between total sources of funds and total expenditures.

¹³ FY25 forecast as of Draft 4, 3/27/25.

Departmental Staffing

FY26 General Fund FTEs are budgeted to increase by 10.5 FTEs to 557.7, an increase of 1.9% over FY25. There are an additional 36.1 FTEs (6% of the total staffing) in the overall School Department budget that are funded by grants and revolving funds. The loss of ARPA (COVID-relief) money eliminates the funding source for nine FTEs. However, the Department believes those ARPA-funded positions have become an integral part of the Department and are critical to meeting student needs, and that eliminating them would represent a reduction in services. Therefore, eight of the nine positions are incorporated into the FY26 General Fund budget. (The 9th position will still be in the budget, but it will be absorbed by the current Special Education staff.) Overall, total departmental staffing is budgeted to increase by just 3.1 FTEs on a net basis, from 590.7 in FY25 to 593.8 in FY26.

Total Staffing by Funding Source

	FY24 FTE	FY25 FTE	FY26 FTE	Change FTE	Change %
General Fund	539.6	547.2	557.7	10.5	1.9%
Grants & Revolving Funds	33.5	34.5	36.1	1.6	4.6%
COVID-Relief Funding	9.0	9.0	0.0	-9.0	(100.0)%
TOTAL	582.2	590.7	593.8	3.1	0.5%

General Fund Adds Former ARPA Positions in FY26

The School Department values the positions that were temporarily added by use of the COVID relief fund (ARPA) which ends in FY25. The budget for these nine grant-funded positions totaled \$1,004,369 in FY25. Identified as a priority resource to bolster student academic and mental health recovery, and therefore being added to the General Fund are: 2 Elementary Math Interventionists, 1 Chenery Upper Elementary (CUE) Social Worker, 1 Belmont Middle School (BMS) Social Worker, 2 Belmont High School (BHS) Social Workers, 1.6 Nurses, and a 0.4 Elementary Assistant Principal. (As noted above, the Transition Room Educator position at BHS which will be absorbed by other Special Education staff.)

Funding New Positions

To address student needs, the School Department has been able to reallocate FTEs from K-4, where enrollment has declined, to meet student needs in other areas. In addition, the Department is reallocating cost savings in various non-personnel budget line items to hire additional personnel. These new FTEs will result in an increase in the number of non-classroom teaching positions funded by the General Fund. Additionally, given shifting enrollment within the elementary level, two new classroom teacher positions are needed (Grades 1 and 4) and will be funded by the reduction of two other classroom positions no longer needed. Specific reductions and reallocations are:

- Enrollment-Driven Decreases-Reallocations
 - 1.0 Kindergarten teacher
 - 2.0 Grade 2 teachers
 - 1.0 Grade 3 teacher
 - 2.0 Grade 5 teachers
- Other Staff Reductions
 - 1.0 Technology Computer Specialist
 - 1.0 Belmont High School Campus Monitor

Program Improvements

The following new positions are being added to the General Fund in FY26:

- 2.0 Elementary Math Interventionists (formerly ARPA-funded)
- 1.0 Social Worker CUE (formerly ARPA-funded)
- 1.0 Social Worker BMS (formerly ARPA-funded)
- 2.0 Social Workers BHS (formerly ARPA-funded)
- 1.6 Nurses (formerly ARPA-funded)
- 0.4 Elementary Assistant Principal (formerly ARPA-funded)
- 1.0 Special Education Teacher (CUE Language-based Classroom)
- 1.0 District-wide Psychologist
- 0.6 Elementary Assistant Principal (to make a full-time position)
- 0.5 Special Education aides
- 1.0 grant-funded METCO FTE (Not in the General Fund)

Administrative Adjustments

During FY25, and rolled over to FY26, the CUE administration was adjusted to create two Assistant Principal positions by reassigning one Curriculum Director as the second Assistant Principal. The total administrative FTEs at the CUE for FY26 will be: one Principal, two Assistant Principals and one Curriculum Director. Administrative positions are in Unit B, so there is no salary or FTE change.

The FY26 General Fund will include the equivalent of a 1.0 Elementary Assistant Principal, as indicated in the list above.

Two Special Education Elementary Team Chairs are being elevated from Unit A to Unit B. This will not change the number of FTEs, but does add \$20,000 to the General Fund Budget in FY26 .

FTEs by Program : Grant Funded, General Fund and Revolving Fund

The table below shows the FY26 projected FTEs broken out by the major budget categories and compared to the three prior years. This table shows a shift in positions from classroom teachers to non-classroom services. Staffing in Regular Instruction (the core academic programs) has essentially remained flat over the past three years, even slightly decreasing by .5 FTE in FY26. At the same time, there has been a modest increase in staffing in Special Education and Student & Instructional Services, which includes guidance and mental health support services. In FY26 there will be nine new FTEs in the Special Education and Special Instruction categories, and two FTEs in Administration. An additional FTE will be grant-funded. The variance reflects the absorption of the eight former ARPA-funded positions into the General Fund, showing that overall, 12 FTEs are being added to the FY26 total budget; this includes one grant position and 11 FTEs funded by the General Fund. However, because of the loss of the grant funding source for the nine COVID positions, and netting out the 0.5 FTE in Regular Instruction, the net increase will only be 3.1 FTEs.

General Fund, Grant-Funded, and Revolving Fund FTEs by Program

	FY23 FTE	FY24 FTE	FY25 FTE	FY26 FTE	Variance FTE
Regular Instruction General Fund	277.6	275.7	277.9	277.4	(0.5)
Regular Instruction Grants & Revolving	2.5	2.0	1.1	1.1	—
Regular Instruction TOTAL	280.1	277.7	279.0	278.5	(0.5)
Special Instruction General Fund	148.2	158.1	162.7	164.7	1.9
Special Instruction Grants & Revolving	55.0	4.0	6.0	7.0	1.0
Special Instruction TOTAL	203.2	162.1	168.7	171.7	2.9
Student & Instructional Services General Fund	54.0	54.1	56.5	63.5	7.1
Student & Instructional Services Grants & Revolving Fund	28.1	28.1	27.3	27.8	0.6
Students & Instructional Services TOTAL	82.1	82.2	83.8	91.3	7.7
Leadership & Administration General Fund	48.7	50.8	50.1	52.1	2.0
Leadership & Administration Grants & Revolving Fund	0.3	0.3	0.2	0.2	—
Leadership & Administration TOTAL	49.0	51.1	50.3	52.3	2.0
Total General Fund plus Grant Funds	614.4	573.1	581.8	593.8	12.1
COVID Grant Positions Moved to the General Fund	9.0	9.0	9.0	—	(9.0)
Total District Wide FTE FY2026	623.4	582.1	590.7	593.8	3.1

Longer Term Trends

In the six years since FY20, total School Department staffing from all sources has grown by 52.1 new FTEs (9.6%). This is after taking into account the custodial and building and grounds FTEs that were moved from the School Department budget to Facilities in FY24. Consistent with the staffing trend noted in the FY26 budget, 95% of that total staffing growth has been in two budget categories. Specifically, Special Instruction FTEs account for 39.2 (75%) of the total FTE increase. Student & Instructional Services, more specifically Guidance Health Services, and Psychological Services, account for another 10.4 (20%) of the total FTE increase.

The portion of the total School Department headcount that is funded by the General Fund has increased even more during this period than the total staffing, growing by 70.6 FTEs. Essentially all of that higher growth in General Fund FTEs versus total FTEs is attributable to 21.5 Kindergarten teachers and aides whose positions were shifted to the General Fund in FY22. These positions were previously funded out of a revolving fund, until the Department changed from a fee-based half-day program to a town-funded full-day program.

Shifting enrollment patterns creates a dynamic staffing environment for the School Department. The factors include total enrollment, the composition by grade level, the mix of students requiring special instruction, and the increased post-pandemic need for more social and emotional student support. To meet those ever-changing student needs, in addition to increasing the overall staff headcount over the past six years by the aforementioned 50 FTEs, the Department has reallocated more than 30 other positions. These reallocations shift staff away from programs where enrollment has declined or where other circumstances merit the elimination of a position and toward areas where enrollment is increasing or other needs have been identified.

Unbudgeted Hiring

The student population is constantly changing, even during the school year, and the evaluation of the need for individual students to receive special services is on-going. At times, the School Department determines that it needs to hire additional staff during the year. This unbudgeted hiring when mandated

services are needed to meet the needs of all students, increases the budget. It explains the variances within the school year of the number of, and use of, classroom and Special Education aides. When developing the budget for the following fiscal year, the Department makes an explicit determination as to whether that staff position will be needed and, if so, treats that position carried forward as a new staffing increase.

Budget Risks, Future Outlook, Recommendations

Budget Risks in FY26

- COVID-relief funding (ARPA), which covered nine FTEs, ended in FY25. The positions funded with those dollars were intended to be temporary. However, the School Department has indicated that it will keep eight of the positions for FY26 and beyond as the social emotional needs of the students coming out of the pandemic persist. The positions will be funded from the reallocation of teaching positions at the elementary schools due to the declines in enrollment there. There could be a potential risk if there is increased enrollment for the 2025-2026 school year at the elementary schools, which would put additional strains on the overall school budget
- FY25 in-district special education spending is currently projected to exceed the FY25 budget by \$211,247. Unanticipated increased demand for in-district special education services in FY26 can lead to unbudgeted hiring and/or the need for higher spending on contract services.
- Out-of-district tuitions for FY23, FY24, and FY25 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
- There are potential risks of reductions of vital federal funding and grants that could put additional pressure on the FY26 budget.
- 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 current teachers' union contract will expire in August of 2025. Given the current environment and recent events in other nearby municipalities, the results of negotiations could have a significant impact on the school budget. Depending on the outcome, there could be even more pressure on the department's salary expenses. The School Committee and Belmont Education Association (BEA) began negotiations in the fall of 2024 and, as of the date of this report, they have met nine times, reaching tentative agreements of several non-salary issues. For the latest information on the ongoing negotiations follow the updates provided by the School Committee at <https://www.belmont.k12.ma.us/page/collective-bargaining-2025>.

Outlook for FY27 and Beyond

- Enrollment trends will impact future staffing patterns and budgets. The recent McKibben report shows flat to declining enrollment beyond FY26, 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 changes among populations such as English Language Learners and Students with Disabilities will impact future staffing patterns and required budgets. Additionally, if the department continues to prioritize providing services within the district for students with special needs, additional staff will need to be hired to provide additional in-district programming, partially offsetting some of the savings from reducing out-of-district costs. But overall, prioritizing in-district programs would have benefits for the students and likely be more cost-effective. However, the full extent of these saving might take several years to be realized.

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 a few years. If school spending grows at a more sustainable level, the next operating override could be smaller and potentially delayed for one or more 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. During the FY26 budget process, setting and holding to these spending targets based on revenue growth estimates was achieved. The School Department and School Committee should work together with other Belmont leaders to develop reasonable percentage growth targets to use for future budgets.
- The School Department should share 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 may help reveal good examples to follow.
- The School Department should reevaluate current in-district student busing schedules 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 busing needs and routes might result in changes that realize material savings in the budget. The Department and School Committee should also begin conversations with several municipal departments about the investment in infrastructure needed for a future EV bus fleet.

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.

The Facilities Department has taken on the custodial responsibilities that were previously included in the schools' operating budget. This move finalizes the merger of the school and town Facilities Departments, which began more than ten years ago.

The proposal is an increase of \$324,658 to the Facilities budget. This increase is primarily due to contractual obligations under a new collective bargaining agreement and anticipated rises in service contracts.

The proposed budget does not yet account for the transfer of Library Plant Management funds to the Facilities Department—a shift that will offer several key benefits. Since 2018, Facilities Department have been gradually developing to serve both the Town and the Schools. Over this period, multiple debt exclusions for new buildings have led to increased square footage and more complex building systems that require specialized maintenance.

As two new buildings will be under the Facilities Department from fall of 2025, the increased budget will ensure funds for their maintenance. The recommendation is to transfer the library to Shared Services to ensure that its maintenance receives proper attention. The town administrator is working with the Board of Library Trustees to update the Memorandum of Agreement to facilitate this transition.

The Facilities Department has been conducting a comprehensive Townwide building assessment. The findings of this report will highlight significant costs associated with maintaining the Town's buildings. The Director will present a prioritized plan to the Town in the near future.

Administration

The office manages over 2,500 work orders annually, along with specific service contracts, including those for fire alarms, HVAC systems, elevators, and cleaning services. Facilities also oversees utility contracts for nearly all Town buildings, which accounts for 24% of the overall Facilities budget. In addition, the staff handles space rentals for locations such as the Beech Street Center, Town Hall Auditorium, and schools. All postage and mailing services are also managed by this department.

Facilities is responsible for ensuring that all building code and regulatory inspections are scheduled and any issues are promptly addressed. The department plans and monitors quarterly, semi-annual, and annual maintenance to ensure Town infrastructure meets its expected lifespan. The Department works with the Massachusetts Departments of Public Safety, Public Health, and Labor Services, as well as EPA and OSHA to maintain compliance. Additionally, Facilities is responsible for bidding and solicitation processes related to contract services, building materials, and cleaning supplies, and it processes approximately 3,200 invoices each year for goods and services.

Operations

The Facilities Department oversees tradespeople who handle daily service calls and work orders, manages routine repairs in-house and contracts out more complex or specialized tasks. The Town operates and maintains advanced and specialized equipment throughout Belmont. The Systems Manager monitors and manages building access controls, lighting systems, security cameras, and heating and air conditioning systems.

The Department remains focused on energy efficiency, having recently updated outdated boilers, installed energy-efficient pumps and motors, managed heat pump systems, incorporated energy management controls, added solar panels, switched to LED lighting, and recommissioned buildings. In 2023, the first electric van was added to the fleet, which has since expanded to three electric vehicles. The dedicated maintenance team consists of one HVAC technician, one electrician, one plumber, one

carpenter, five maintenance workers, and 20 custodians. Management staff share the responsibility of being on-call 24/7 to ensure the safety of public spaces and infrastructure.

Capital Projects

Facilities is involved in two types of capital projects: large construction and renovation projects managed by citizen building committees and capital projects approved by the Comprehensive Capital Budget Committee or the Community Preservation Committee.

With the High School and Middle School Building project complete, Facilities continues to assist with close-out documents, punch list items, and training for new systems. The new Library and Rink projects are also underway, requiring close collaboration with project stakeholders and attendance at numerous building committee meetings.

FY2024-25 Achievements

- Developed a plan to rebuild the retaining wall next to the Town Hall Concord Street entrance that failed in spring 2023.
- Upgraded the exterior and interior cameras at the Chenery and Wellington schools and at Town buildings.
- Replaced the slate roof at the Butler Elementary School.
- Resurfaced the gym floor at the Winn Brook Elementary School.
- Started a comprehensive building assessment of the town and school buildings.
- Started the engineering and implementation of the boiler replacement project at the Chenery School.
- Installed new paddle fans in the classrooms at the Winn Brook School.
- Supported the construction of the Town's new Skating Rink.

FY2026 Goals

- The Facilities Department plans major repairs of Town and School Buildings in FY26 including the Chenery School complete boiler replacement project.
- The Butler School will be undergoing repointing and building envelope improvements.
- Town Hall's retaining wall has been engineered for replacement, including new or refurbished handrails.
- Chenery School is planned for a roof and RTU (Roof Top Units) renovation. The engineering, prioritization, funding, and grants will be planned in the early months of FY26.
- The restoration of the Homer Buildings exterior is planned with assistance of a CPC Grant.
- Facilities is helping to bring the new Library and Rink online, including placing new staff in these facilities and training them on risks and safety measures associated with the complex. Staff will learn the intricacies of the new buildings, set up protocols and preventative maintenance routines, and equip the new buildings with the necessary equipment, PPE's, and tools.

Facilities Department Budget Summary

Department Summary	FY23 Actual	FY24 Actual	FY25 Approp.	FY26 Budget	Dollar Change	Percent Change
Compensation	\$ 1,699,333	\$ 2,043,232	\$ 2,401,262	\$ 2,532,769	\$ 131,507	5.5%
Expenses	\$ 4,827,695	\$ 5,265,397	\$ 5,172,539	\$ 5,365,691	\$ 193,152	3.7%
Total Facilities	\$ 6,527,027	\$ 7,308,628	\$ 7,573,801	\$ 7,898,460	\$ 324,658	4.3%

Division Summary	FY23 Actual	FY24 Actual	FY25 Approp.	FY26 Budget	Dollar Change	Percent Change
Facilities - Town	\$ 1,266,058	\$ 1,362,061	\$ 1,367,075	\$ 1,423,008	\$ 55,933	4.1%
Facilities - School	\$ 4,582,443	\$ 5,174,830	\$ 5,317,505	\$ 5,523,418	\$ 205,913	3.9%
Facilities - Admin	\$ 678,527	\$ 771,737	\$ 889,222	\$ 952,034	\$ 62,812	7.1%
Total Facilities	\$ 6,527,028	\$ 7,308,628	\$ 7,573,802	\$ 7,898,460	\$ 324,658	4.3%

Staffing and Structure

The Director of Facilities reports to the Public Facilities Board, which includes the Town Administrator and the Superintendent of Schools. The Director is responsible for overseeing all operations of the Facilities Department, with a focus on Capital Projects, addressing major maintenance issues, and supervising related construction projects. The Director serves as a member of the Belmont Middle and High School (BMHS) Building Committee and acts as a liaison between the Town Administrator and the Library and Rink Building Committees.

Given the significant increase in annual and planned capital projects, a Project Manager was hired in FY25 to provide daily oversight of these initiatives, including energy analysis and reporting.

The Facilities Manager supervises all Town and School maintenance workers and custodians, and is also responsible for managing inspections and ensuring regulatory compliance.

The Systems Manager is in charge of overseeing all HVAC operations, BMHS control systems, lighting systems, and energy conservation efforts. The HVAC technician, electrician, plumber, and carpenter address maintenance issues as they arise.

The Facilities Supervisor coordinates external contractors, handles procurement of goods and services, and manages files and plans. The Administrative Assistant is responsible for department payroll, contracts, invoices, and other administrative tasks.

Budget Recommendations

The Facilities budget increase is \$324,658 or 4.29% from the FY25 budget.

Compensation is \$2,532,769, an increase of \$131,507 or 5.5% due to contractually obligated cost of living adjustments, including increasing compensation after a study of market conditions.

Expenses are \$5,365,691, which is an increase of \$193,152 or 3.7%, due to anticipated increases in service contracts, which are all due to be rebid in Spring 2025, and anticipated increases in electric rates.

Health Insurance

Health Insurance Budget Detail

Description	FY2023 Actual	FY2024 Actual	FY2025 Approp.	FY2026 Budget	Dollar Change	Percent Change
Total Retiree Health Insurance	\$ 3,492,220	\$ 3,425,579	\$ 3,532,575	\$ 3,635,157	\$ 102,582	2.9%
Total Employee Health Insurance	\$ 9,146,575	\$ 9,886,314	\$10,841,911	\$11,417,491	\$ 575,580	5.3%
Overall Health Insurance	\$12,638,795	\$13,311,893	\$14,374,486	\$15,052,648	\$ 678,162	4.7%

FY26 Health Insurance Budget Changes from FY2025

The FY26 budget request for Town and Schools Employee Health Insurance is \$11,417,491, an increase of 5.3% over FY25. The FY26 budget request for Town and Schools Retiree Health Insurance is \$3,635,157, which is an increase 2.9% over FY25.

Budget Cost Drivers

Health insurance costs for Town and School employees and retirees are self-insured and paid annually through Belmont's Health Insurance Trust. The Trust balance is replenished each year through a combination of employee premium payments (through 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.

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 protect against catastrophic exposures due to serious medical conditions, the Town pays for reinsurance from the Trust.

Health insurance premiums for Belmont employees are set each fiscal year for the HMO/PPO plans managed by Harvard Pilgrim, and each calendar year for Medicare supplemental plans. Premiums are adjusted annually, in consultation with the Town's healthcare consultant, based on historical and recent healthcare claims and industry trends. Historical healthcare spending trends for employees suggests an 8-12% rate of growth for FY26. The Select Board has approved a premium increase of 6% for FY26. The Town will draw on the balances in the Health Insurance Trust that built up during the COVID-19 pandemic to offset potential higher expenses.

Outlook and Considerations for FY2026 and Beyond

Recent claims trends reflect the return to more typical health care utilization following the COVID-19 pandemic. The increases in the Health Insurance Trust that built up during the COVID-19 pandemic are providing a buffer as the Town manages increases in healthcare costs. The Trust finished FY24 with a healthy balance of \$9.2 million and the Town is drawing on a portion of that to offset expenses in FY25 and FY26. As the Town considers future healthcare expenditure projections, it will be important to better understand how long the Town can benefit from this buffer before exposure to the full impacts of healthcare cost increases experienced by other cities and towns in Massachusetts.

In addition to monitoring the Health Insurance Trust balance relative to projected health care utilization among Town employees and retirees, monitoring cost increases and plan benefit options in the Massachusetts Group Insurance Commission (GIC) will be important as the GIC is an alternative to the Town's self-insured model. In 2007, the Massachusetts 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.¹⁴ Premium growth in GIC is expected to be approximately 10.5% for FY26.¹⁵

While Belmont’s current Health Insurance Trust balance places the Town and employees in a relatively more favorable position with respect to managing healthcare cost increases, the GIC may be a potential cost mitigation strategy in the future in an environment of increasing self-insurance healthcare expenses. Continued monitoring of the landscape is important as opting in to the GIC can take several years and must be enabled by negotiations with impacted employee and retiree union groups.

Pension

Most Belmont employees (the teachers have a separate state system) receive pensions managed by the Belmont Retirement System (“BRS” or the “System”). The BRS is a separate and autonomous legal entity and not a municipal department of Belmont. BRS is overseen by the Public Employee Retirement Administration Commission (“PERAC”). BRS regularly goes through financial audits and separate actuarial valuations. BRS is managed by a 5-person board of two representatives elected by pension members, the town accountant, one Select Board appointee, and a 5th member chosen by the other four.

As of the January 1, 2024 actuarial valuation, the funded ratio (the ratio of the actuarial value of assets to actuarial accrued liability) was 76%. The FY26 pension contribution is increasing 2.5% and additional 2.5% increases are projected through FY30 before declining significantly in FY32 as the system reaches full funding.

The funding plan outlined above is dependent on several assumptions and there is risk that actual experience deviates significantly from current assumptions. Most notably, the current valuation applies a 7% investment return assumption, should performance significantly under or overperform assumed returns the funding schedule will likely need to be adjusted, potentially extending the pension schedule beyond the current full funding date. On a calendar year basis, the fund returned 7.8% in 2024 and over a three- and five-year basis the fund has returned 2.7% and 7.1%, respectively on a net basis. Since inception (1985) the fund has returned 8.7%.

Prior to March 2024 about half of BRS funds were invested in Pension Reserves Investment Trust (“PRIT”) funds, which are managed by the state’s Pension Reserves Investment Management Board (“PRIM”) with the BRS directing investments in the other funds across various asset managers. In March of 2024 the BRS board voted to transition most of its remaining assets to the PRIM Core Fund. As of December 31, 2024 92% of the funds assets are invested in PRIT with the remaining non-PRIT assets concentrated in real estate (2% of assets), private equity (1.6% of assets), private debt (1.6% of assets) and their operating account (3.6%).

Recommendation

Significant additional resources will be available to the community once the pension fund reaches full funding. We recommend the town begin a process to consider how best to utilize those resources while maintaining sufficient cushion should returns trail assumptions.

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.

¹⁴ <https://www.mass.gov/info-details/gic-participating-municipalities>

¹⁵ <https://citizenportal.ai/articles/2210453/Massachusetts/GIC-hosts-final-public-session-on-health-insurance-changes-and-enrollment-for-2025>

For FY26, the combined budgeted cost of health insurance, life insurance, Medicare, and contribution to the OPEB Trust Fund is \$5.3 million or 2.6% higher than the prior fiscal year. Retiree health insurance and Medicare are increasing a modest 2.9% each in FY26, with life insurance flat.

As of the June 30th, 2024 financial statements, the OPEB Trust Fund held approximately \$9.1 million toward a liability of approximately \$100 million, a funding ratio of approximately 9%. It is important to note that the OPEB liability is inherently more volatile than the liability for pension benefits as healthcare costs, inflation, benefits utilization, plan design, and federal health policy changes can have a significant impact on future expenses. The town contributed \$440,364 into the OPEB Trust Fund in FY25 and is recommending contributing the same amount to the Trust Fund in FY26. The goal is to make steady annual contributions to the Trust Fund until after the pension system is fully funded, when additional resources will be available to increase contributions to the Fund more meaningfully.

Recommendation

We again 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 \$287 million of debt outstanding, consisting of \$196 million for schools (68.5% of total debt), \$70 million (24.4%) for general government, \$11 million (3.8%) for the Light Department, and \$9 million (3.3%) for water & sewer projects. Debt related to the library and rink projects are included in the general government debt. The amount of long-term debt outstanding has been increasing, driven most recently by debt issued to fund the new middle/high school, library, and rink. The Town has financed \$33 million of the \$34.5 million authorized for the library project, and \$27 million of the \$28.65 million authorized for the rink and sports facility project.

Debt service in FY26 is budgeted at \$17.7 million, which represents an increase of \$2.2 million or 14.0% over FY25, due to the first payments on permanent debt issued for the new library and rink. Debt service will comprise 10.7% of total expenditures and will consist of \$16.6 million (94%) of exempt debt (debt for projects that have been voted exempt from Proposition 2½ levy limitations and funded with dedicated property tax revenues) and \$966k (or 5.5%) non-debt exclusion debt (debt funded within Proposition 2½ limitations). Exempt debt service is increasing by nearly \$2.4 million while non-debt exclusion debt is decreasing by \$191k.

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 Light Department and 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.

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's overall financial profile and take into consideration the health of 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 Aaa rating was recently reaffirmed with the issuance of debt related to the library and rink in September 2024. The Warrant Committee supports the maintenance of a strong bond rating through prudent financial planning and sound fiscal stewardship.

Public Services

Belmont Public Services Departments include Planning and Building and the Department of Public Works. Recreation, shown in the table below for 2025, is now in Community Services within Human Services.

FY26 Budget Changes from FY25

	FY25 Budget	FY26 Budget	\$ Change	% Change	FY26 FTE	Change from FY25
Planning and Building	\$ 741,610	\$ 808,688	\$ 67,078	9.0 %	7.375	0
Department of Public Works	\$ 8,688,742	\$ 8,646,769	\$ (41,973)	(0.5)%	22.9	-4.44
Recreation	\$ 323,398	\$ —	\$ (323,398)	(100.0)%	0	-14.75
Total	\$ 9,753,750	\$ 9,455,457	\$ (298,293)	(3.1)%	30.275	-19.19

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 comprises two divisions: the Planning Division and the Building Division. The Planning Division includes the Director, Town Planner, Staff Planner, Administrative Coordinator, and Minutes Taker. The Building Division is responsible for building code duties, permit and project reviews for zoning compliance, and enforcement of local and state regulations. Key staff in this division include the Inspector of Buildings, Local Inspector, Administrative Assistant III, and part-time positions for Code Enforcement Officer, Plumbing & Gas Inspector, and Wiring Inspector. The Plumbing & Gas and Wiring Inspectors became part-time, in-house positions in Spring 2022, having previously been shared with Watertown.

The office continues to implement the transition of Community Development initiated in FY25.

The FY26 budget request for Planning and Building is \$808,688, which is an increase of \$67,078 or 9.0% from the FY25 budget.

Compensation is \$723,532, an increase of \$59,037 or 8.9% due to staffing adjustments and increasing salaries. The increase is in order to attract a more senior-level planner to support the Director of Planning and Building.

Expenses are \$85,156, an increase of \$8,041 or 10.4% due to the increase in costs for attending conferences and professional development and for books and periodicals

Planning The Planning Division handles economic development, land use, and zoning and planning issues for the town. It provides professional “in-house” planning services, project-related services including review and discussions of preliminary and final development plans. The staff interacts directly with residents, developers, property owners, and others.

As stated above, the Planning staff includes the Director and Town Planner, a new Planning Division Manager position, an Administrative Coordinator for the Department, and a Minutes Taker for the Planning Board, ZBA, and other committees as needed. The new position, replacing the Staff Planner, is being filled in May 2025 and will assume more and different responsibilities. Therefore the salary scale was re-graded for this position, up about \$20,000. The addition of this new position will give the Director more time to work on economic development.

Building and Inspection The Building and Inspection Services spends much of its efforts on actions mandated by state law. This division performs building code duties including permit reviews and inspections and project reviews for zoning compliance. It also enforces local zoning and general bylaws and state codes and regulations such as accessibility regulations.

The Building Division includes the Inspector of Buildings, a Local Inspector, an Administrative Assistant III, and part-time positions for 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.

Largest Cost Drivers

- Payroll
- Technology (in-house and support for online permitting)
- Advertising (giving notice)

FY24-25 Achievements

During the past year, the Office of Planning and Building has been busy with projects, in addition to their usual services:

- In the Fall of 2024, the project to update Belmont's Comprehensive Plan was initiated with Planning staff serving as project manager for the program.
- The Department managed the completion of a comprehensive market analysis and fiscal impact analysis project to determine opportunities for growth and economic development in Belmont.
- MBTA Communities: The staff facilitated the passage of the MBTA 3A amendments, amendments to the Design & Site Plan Review section of the Bylaw, and the Inclusionary Housing section of the Bylaw at the November 2024 Special Town Meeting.
- Accessory Dwelling Unit (ADU) Bylaw: Successfully facilitated and passed Belmont's ADU Bylaw and amendment at the March 2025 Special Town Meeting.
- Zoning Amendments: The staff facilitated a set of Zoning Bylaw amendments at Annual Town Meeting related to a range of corrections and clarifications.

These achievements were accomplished while the department was constrained.

- Levels of Service to the public were uninterrupted despite lacking several staffers for moderate periods of time.
- Planning Duties - Effective coverage of planning duties and tasks were maintained even with vacancies in the staff planner position over part of the fiscal year.
- Efficiency – the department achieved faster processing times for building permits, and electrical and plumbing applications compared to previous years.

FY2026 Goals

There are several goals of the Office of Planning and Building:

- Comprehensive Plan- Continue the Comprehensive Plan project by managing the consultant and steering committee.

- Zoning Reform – Prepare for a wholesale rewrite of the Zoning Bylaw by conducting a zoning audit and developing criteria for the project.
- Inspector 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 building permits and certificate of occupancy applications.
- Responsiveness – Formulate more guidelines to improve responsiveness to General Bylaw and other Bylaw code enforcement.
- Provide Enhanced Support to Planning Board and ZBA- Provide more robust and comprehensive technical support to the two primary Boards that the Office serves, even while case numbers are expected to increase.
- Procedures – Develop comprehensive procedures manual for use in training, evaluating processes for efficiency, and for other purposes.

Uncertainties and Future Considerations

- Fiscal impact of the MBTA Housing (3A) is unknown.
- Pressure on the department’s staff is expected since the passage of the Accessory Dwelling Unit Bylaw and the MBTA act will undoubtedly lead to increase in building and inspection applications.
- New state energy code impacts how new projects are reviewed.
- Belmont Center redevelopment project is expected to tax the department further in terms of services needed prior to and during development and maintaining public information flow.
- A stated intent of the addition of the new senior-level planner to support the Director of Planning & Building is that more senior support will lead to the Director having more time to give to economic development tasks and for seeking and applying for grants.

Department of Public Works

The Department of Public Works (DPW) holds primary program responsibilities across various critical sectors that ensure the smooth functioning of the city's infrastructure and services. These responsibilities include:

- | | |
|-----------------------------|--|
| • Engineering | • Street Lighting |
| • Street Maintenance | • Solid Waste Collection and Disposal |
| • Central Fleet Maintenance | • Water Administration, Distribution, and Maintenance Services |
| • Parks Maintenance | • Sanitary Sewer and Stormwater Maintenance |
| • Cemetery Maintenance | |
| • Forestry Service | |

These services encompass a wide range of activities such as policy formulation, planning, administration, budgeting, contract management, supervision of personnel, customer service, capital equipment and project management, and the strategic allocation of the DPW's limited resources.

The overall DPW budget for FY26 shows a 2.7% decrease from FY25. Significant line item/division percentage changes for FY26 are:

Parks – Due to a recent change in the DPW collective bargaining contract, cemetery maintenance will be outsourced to contractors. The cemetery maintenance staff have been reassigned to open positions in the DPW. While contract expenses increased due to the outsourcing, overall expenses for the Parks Division decreased due to the outsourcing decision.

The DPW staffing for FY26 is projected at 22.68 FTEs, a reduction of four FTEs due to outsourcing of maintenance at the Cemetery Division. For the first time in years, the DPW is fully staffed on paper. The four FTEs were moved into open positions elsewhere in the DPW.

The outsourcing at the Cemetery Division, plus contract negotiations which resulting in upleveling compensation after a study of market conditions, have helped to attract and retain staff.

Waste collection and recycling continue to be major cost drivers within the DPW. The increasing cost of disposal and collection make these contracts among the largest in Belmont. The state has made clear a “zero waste” goal, presenting a challenge to collection facilities and a consequent cost driver for all municipalities.

As has been recommended by the Warrant Committee in prior years, the DPW Director indicated that he will propose to the Select Board that the town charge a fee for collection of bulk items, mattresses and box springs. An added fee is incurred by the town with collection of these items. The intent of the fee is to recover that additional charge from the resident benefiting from that pickup. For example, a resident would be charged \$45 to \$50 for collection of a mattress or box spring.

Actions taken to control the budget include the outsourcing of the cemetery maintenance described above. The switch to LED street lights continues to deliver cost savings.

Future costs drivers and uncertainties include unscheduled anomalies such as snow events. A snow event will cause an uptick in overtime, and an increase in the use of salt, a significant expense. Other unscheduled anomalies include water main breaks and tree storm damage.

The Engineering Division

The Engineering division is a crucial part of the Town's infrastructure development and maintenance. This division is responsible for overseeing all major improvements to the Town's infrastructure, including sanitary sewer systems, storm drains, and road repairs. The value of these projects often reaches several millions of dollars, highlighting the significant role the division plays in ensuring the Town's infrastructure remains in optimal condition.

The Engineering division's primary responsibility is to manage and oversee large-scale infrastructure projects. These projects encompass a variety of essential systems, such as:

Sanitary Sewer Systems: Ensuring efficient and effective waste management.

Storm Drains: Managing rainwater and preventing flooding.

Road Repairs: Maintaining and improving road infrastructure

In addition to overseeing major infrastructure improvements, the Engineering division also provides municipal engineering services. These services are offered when time and resources are available, further contributing to Belmont's overall development and maintenance.

The Resident Engineer position, which was eliminated in FY2022, has been restored in FY25. This restoration is part of an overall restructuring effort in collaboration with the Office of Planning and Building. The reinstatement of the Resident Engineer position signifies a renewed focus on enhancing the division's capacity to manage and execute infrastructure projects effectively.

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 FY26.

Public Works Water Division

The Water Division maintains Belmont's water distribution system to deliver 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 Division maintains Belmont's 93 miles of water main pipes and 2,743 gate 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 FY26 Water Department budget is \$8,443,552, up 5.58%, or \$446,534, from FY25. The increase is driven by an 8.1% increase in compensation and benefits totaling \$115,025 from contractual increases. The Division's FY26 FTE budget remains flat to FY25 at 13.3 FTEs. The remaining increase of \$331,509 is in departmental expenditures primarily driven by a 3% increase in general operating costs and a 5% increase in estimated MWRA Assessment.
- The single largest budgeted expenditure is the MWRA assessment, totaling an estimated \$3,430,008, an increase of 5%, or \$163,334 from FY25, based on preliminary FY26 rates. Final rates will not be known until June 2025.
- The Division's capital budget for replacement of water mains and other infrastructure decreases by (\$24,250) in FY26, a nominal decrease in loan principal and interest payments. The Division funds capital improvements with cash raised through water charges and with annual low-cost borrowings.
- Indirect charges are essentially flat for FY26, a benefit provided by an FY25 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	FY23 Actual	FY24 Actual	FY25 Approp.	FY26 TA rec.	% Change	% Change
Compensation & Benefits	\$ 1,304,336	\$ 1,483,121	\$ 1,705,387	\$ 1,820,412	\$ 115,025	6.74%
Expenses	\$ 6,080,742	\$ 6,079,327	\$ 6,291,631	\$ 6,623,140	\$ 331,509	5.27%
Total 5250 Water Division	\$ 7,385,078	\$ 7,562,448	\$ 7,997,018	\$ 8,443,552	\$ 446,534	5.58%

Division Summary	FY23 Actual	FY24 Actual	FY25 Approx.	FY26 TA rec.	\$ Change	% Change
Total 5251 Water Dept. Operating	\$ 1,928,161	\$ 2,376,886	\$ 2,842,207	\$ 2,991,336	\$ 149,129	5.25%
Total 5253 MWRA Assessment	\$ 3,321,668	\$ 3,296,323	\$ 3,266,674	\$ 3,430,008	\$ 163,334	5.00%
Total 5254 Debt Service	\$ 867,038	\$ 694,488	\$ 784,538	\$ 760,288	\$ (24,250)	(3.09)%
Cash Capital	\$ 210,000	\$ 940,100	\$ 848,803	\$ 974,255	\$ 125,452	14.78%
Indirect Expenses	\$ 519,000	\$ 244,166	\$ 246,442	\$ 279,311	\$ 32,869	13.34%
OPEB Contribution	\$ 7,500	\$ 10,485	\$ 8,354	\$ 8,354	\$ —	—%
Total 5250 Water Division	\$ 6,853,367	\$ 7,562,448	\$ 7,997,018	\$ 8,443,552	\$ 446,534	5.58%

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 FY26 Sewer Department budget is \$10,985,551, an increase of \$535,986, or 5.1%, from FY25. The increase is driven primarily by \$141,953, or 9.9%, increase in Salaries and Benefits, from contractual obligations, and a \$286,777, or 4.4%, increase in the MWRA assessment.
- In FY26, 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 FY26, at 13 employees.
- The single largest sewer division cost is the MWRA assessment, totaling \$6,022,314, a 5.0% increase from FY25 based on preliminary assessment rates. Actual FY26 rates will not be known until late June 2024.
- The Division’s capital budget for replacement of sewer mains and other infrastructure increases by \$106,810, or 8.1%, to \$1,422,320 in FY26. 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 FY26. 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	FY23 Actual	FY24 Actual	FY25 Approx.	FY26 TA rec.	\$ Change	% Change
Compensation & Benefits	\$ 767,535	\$ 1,060,699	\$ 1,436,959	\$ 1,578,912	\$ 141,953	9.88%
Expenses	\$ 9,793,824	\$ 8,293,562	\$ 9,012,606	\$ 9,406,640	\$ 394,034	4.37%
Total 5260 Sewer Division	\$10,561,359	\$ 9,354,261	\$ 10,449,565	\$ 10,985,552	\$ 535,987	5.13%

Division Summary	FY23 Actual	FY24 Actual	FY25 Approx.	FY26 TA rec.	\$ Change	% Change
Total 5261 Sewer & Stormwater Operating	\$ 1,458,688	\$ 1,838,727	\$ 2,217,430	\$ 2,382,797	\$ 165,367	7.46%
Total 5262 MWRA Assessment	\$ 5,677,771	\$ 5,650,272	\$ 5,735,537	\$ 6,022,314	\$ 286,777	5.00%
Total 5263 Debt Service	\$ 915,700	\$ 911,414	\$ 902,901	\$ 871,549	\$ (31,352)	(3.47)%
Cash Capital	\$ 1,985,700	\$ 700,000	\$ 1,315,510	\$ 1,422,320	\$ 106,810	8.12%
Indirect Expenses	\$ 519,000	\$ 248,321	\$ 273,783	\$ 282,168	\$ 8,385	3.06%
OPEB Contribution	\$ 4,500	\$ 5,527	\$ 4,404	\$ 4,404	\$ —	—%
Total 5260 Sewer Division	\$10,561,359	\$ 9,354,261	\$ 10,449,565	\$ 10,985,552	\$ 535,987	5.13%

Proposed FY25 Water and Sewer Rates

Historically, Belmont’s Water and Sewer rates have been among the highest in Massachusetts, topping out at #1 until FY2019. To remedy this, 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 FY25 study. Total water fund expenditures are projected to grow from \$8.4M in FY26 to \$9.02M in FY29. Likewise, sewer fund expenditures are expected to grow from \$10.99M in FY26 to \$11.3M in FY29. Given these estimates, the Town Administrator recommends FY26 Water rates be held flat to FY25, at 3%, and Sewer rates increases be maintained at 3% for FY26.

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.

FY2026 Changes and Uncertainties

In FY25 the Division added a full-time Storm Water Supervisor, 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 FY26 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.

Public Safety

FY26 Budget Changes from FY25

	FY25 Budget	FY26 Budget	\$ Change	% Change	FY26 FTE	Change from FY25
Fire Department	\$ 6,634,845	\$ 6,678,046	\$ 43,201	0.7 %	55.49	0
Police Department	\$ 7,848,149	\$ 8,018,251	\$ 170,102	2.2 %	69.375	0
Total	\$ 14,482,994	\$ 14,696,297	\$ 213,303	1.5 %	124.865	0

Fire Department

FY26 Budget Changes from FY25

- After a 3.45% increase in FY25, the overall Fire Department budget in FY26 will increase 0.65%.
- The budget for compensation for FY26 reflects a 0.04% decrease relative to FY25 due to staff retirements with replacement staffing at a lower step.
- The budget for expenses for FY26 reflects a 6.34% increase relative to FY25.

Staffing

- The department operates with the minimum staff required (55.5 total FTEs). The budgeted FTEs have been consistent since FY22. Operating with minimum staffing can present challenges, particularly in the case of calls with multiple victims. The department relies on aid from neighboring cities and towns though turnaround time is an important consideration given the speed at which fires burn.
- In the last year, the department has experienced three retirements, and two individuals have left the department to pursue other careers. Additionally, five individuals have moved to fire departments in other communities, noting the potential for opportunity in larger departments, financial security, and location as drivers of departures.
- The department is working to increase the number of paramedics on staff as they are operating below target levels. The department plans to offer incentives for new hires to enter an emergency medical technician (EMT) to paramedic training program. This will be incorporated into the upcoming collective bargaining process.

Budget Cost Drivers and Risks

- The fire department budget is largely driven by compensation (over 88%). The collective bargaining contract with the firefighters' union expires on June 30, 2025, and any potential increases that may result from this process are not reflected in the department's FY26 budget.
- The department is focusing on ways to incorporate new state requirements for firefighter equipment into the budget. The department received a state fire fighter safety grant of approximately \$19,000 to support the purchase of new turnout gear. This grant was from the Massachusetts Executive Office of Public Safety and Security and the Department of Fire Services, funded through the Firefighter Safety Equipment Grant Program. The FY26 department budget for turnout gear replacement has increased by 25% relative to FY25. Currently, the department has purchased three sets of new turnout gear with three more on order. An additional 3-4 will be purchased in the near future.

Outlook and Considerations for FY26 and Beyond

- The new collective bargaining contract negotiations will likely impact the FY26 budget, although the magnitude of impact is unknown as of the publishing of this report.
- Continued monitoring for grants to fund the purchase of firefighter safety equipment may help support ongoing turnout gear replacement.
- Lead time for purchasing vehicles is significant and on the range of 2-4 years. Continued monitoring and planning will inform future budgeting.
- Long-term recruitment and retention of fire fighters, especially paramedics, remains a concern. This can present challenges in ensuring effective delivery of services and budget management (e.g., overtime, training, recruitment cost etc.). This remains a FY26 focus for the fire department leadership.

Police Department

Overall, we are supportive of the Police Department's budget for next fiscal year.

- The department's FY26 budget is growing at a modest 2.17% over current year. Budget growth is being driven primarily by an increase in contractually obligated cost of living adjustments. There are no new positions allocated for FY26. The budget is funding a total 69.38 FTEs, which is stable with the current year but remains down from 71.38 in 2021.
- In FY24, Town Meeting voted to remove the Police Department from Civil Service and the department posted its first job notice in May 2024 under the new system. Compared to the challenges finding qualified candidates under the Civil Service hiring system, the department is reporting better results identifying qualified candidates. Based on current hiring trends the department hopes to be back to full or near full staffing levels during FY26. Improved full-time staffing should help reduce overtime costs, which have been high the last several years due to an elevated level of vacancies.
- Working with the town's new IT Director, the department is reporting encouraging developments for IT management, including the deployment of a Desktop Support Technician for police and fire. This role will transfer data and systems from physical servers to cloud computing platforms.
- Other, non-personal spending is down from the prior year, due to the removal of a proposal to implement body cameras, which has yet to be accepted by the union. The collective bargaining

agreement between the Town and the Police Patrolman’s Associations expires on June 30, 2025. Further, as in the prior year, the budget includes \$262,000 for police vehicle replacement, continuing the department’s practice of replacing three cars each year.

- The department continues to report positive results through its grant funded Co-Responder program, which funds a Social Worker to accompany patrol officers. This position is 100% grant funded and not built into the operating budget. This potentially puts the position at risk in the event the grant is no longer available, unless the town is willing to fund the position within the operating budget.

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 FY26 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.

FY26 Budget Changes from FY25

	FY25 Budget	FY26 Budget	\$ Change	% Change	FY26 FTE	Change from FY25
Town Clerk	\$ 554,468	\$ 481,565	\$ (72,903)	(13.1)%	4.5	0
Town Administration	\$ 1,183,288	\$ 1,480,051	\$ 296,763	25.1 %	6.6	0
Human Resources	\$ 874,449	\$ 788,399	\$ (86,050)	(9.8)%	2.75	0
Information Technology	\$ 1,618,373	\$ 1,773,448	\$ 155,075	9.6 %	6.48	0
Town Accountant	\$ 430,725	\$ 469,727	\$ 39,002	9.1 %	4	0
Town Treasurer	\$ 585,194	\$ 607,632	\$ 22,438	3.8 %	5	0
Board of Assessors	\$ 462,254	\$ 467,391	\$ 5,137	1.1 %	3.4	-0.2
Total	\$ 5,708,751	\$ 6,068,213	\$ 359,462	6.3 %	32.73	-0.2

Town Clerk

The Town Clerk’s office delivers a broad array of services, prescribed both by town bylaw and state mandates. The Town Clerk manages all town records, as well as elections and town meetings. For FY26 the Town Clerk budget has been reduced in large part because there are fewer elections during the cycle. In the previous budget there were three elections including a national election, whereas for the FY26 cycle, there is only one election, resulting in a 26.25% reduction from FY25. The current budget does meet the needs of the department and is level, with the final change from FY25 being a (13.1)% decrease, but with the caveat that any future state mandates could impact that. As an example, state mandates regarding early voting generate additional costs to the town in the form of manpower and resources, and while, with careful documentation, are reimbursed by the state, other mandates may not be. The department is currently fully staffed, and additionally has demonstrated careful stewardship of funding through the use of election workers and volunteers to offset the need for town worker overtime.

Other large cost drivers in the Town Clerk budget currently are salaries, state laws, town bylaws, and state election mandates, as well as the keeping of records and management of records requests. The Town Clerk’s office works tirelessly to manage costs and remain within growth targets. These efforts include applying to the state for all available reimbursements and several personnel management

efforts. The Town Clerk's office keeps track of all labor related to election work, and was able to demonstrate that while labor accounted for approximately \$20,000 in costs from September through the election, over \$5,000 of that was donated labor from volunteers, and overtime costs were mitigated through the use of election workers whenever possible. During the year there is a Senior volunteer who donates time to the office as well as High School students seeking community service hours. Manpower was also managed through the procurement and use of a new high speed ballot tabulator, which processes ballots ten times faster than the previous tabulator, significantly reducing manpower needs. The cost of this tabulator was reimbursed by the state as an Early Voting cost. There are no current views to additional options for cost cutting, as the Town Clerk's office already operates on a very lean and streamlined budget. However, there is a possibility that changes to early voting mandates could result in some cost savings, for example if mandated hours were reduced. A major challenge to the budget in future years is the possible implementation of different formats of Town Meeting as well as the number of town meetings. The Town Clerk's office budgets for 8 nights per year of annual town meeting. Last year there were 13. Additionally, the options of remote and hybrid town meeting add substantial additional costs in staffing and technology support necessary for efficacy.

Town Administration

In FY25 the Town Administrator (TA) hired a new department head, Chief Innovation Officer, for Information Technology (IT), which had several vacancies. The Finance team under the Assistant Town Administrator and Finance Director, continued using new software tools and streamlined the budget process even further in its second year of use. The overall budget process was revamped to start earlier, and the Annual Town Meeting schedule was changed so that all sessions take place in May for the FY26 budget. The department also successfully ran four budget summits resulting in a balanced budget that adheres to the Town's new revenue-first policy, ensuring that the increase in expenses are in line with the growth of revenues.

For FY26, with the opening of the new rink in late 2025, the Town Administration is planning a transition budget that will sit with the TA budget, with final location of Rink Budget yet to be determined. The rink manager was hired in April 2025, several months before the completion of the rink, to develop programming, a plan for staffing, and community outreach. The new rink manager will be responsible for running the day-to-day operations of the rink as well as developing a budget for FY27. Funding for this position as well as building operations is currently located in the FY26 town administration budget. Part-time employees of the rink are expected to be funded through a Rink Revolving Fund that will be established by a vote at Town Meeting and developed with the rink manager.

The Town Administrator's FY26 budget will increase by \$296,763 or 25.1%, reflecting the addition of the rink manager mid-year as well as rink operating costs. Year-over-year salaries are increasing by \$94,283 or 14% for a total of \$772,531. Expenses for the department will increase \$202,480 or 40% to \$707,520. Most of the increase is due to rink operation costs of \$202,480 to supplement the planned Rink Revolving Fund. More information on rink operations and the revolving fund will be available after the rink manager is hired in the spring of 2025. For FY26, the total budget for the department will be \$1,480,051, a 25% increase for reasons mentioned above.

In FY26, the Town Administrator's office will continue to review and implement structural changes recommended by the Structural Change Impact Group, review existing and potential new revenue streams, and continue to improve communication with residents.

Human Resources

The Human Resources (HR) department is responsible for labor relations, pay and position classification, recruitment and retention, and benefits administration for all Town and School employees and retirees. The department has three employees representing a total of 2.75 FTE. Of that, 0.5 FTE is paid from the Health Insurance Trust Fund.

The HR department budget is made up of HR Administration (department compensation and expenses) and Salary Reserve. The Salary Reserve is a holding account for potential salary and cost of living adjustments for public employee union contracts that could be settled during the fiscal year. Once

contracts are settled the related funds are transferred to their respective departments. In FY26, the HR Administration portion is increasing \$16,225 or 5.2% to \$318,184. The Salary Reserve is set at \$470,215 for FY26, a decrease of \$102k or 17.8% from FY25. Taking these both into account, the overall HR department budget shows a decrease of 9.8% to \$788,399 for FY26, driven mainly by the decrease in Salary Reserve.

The HR department is responsible for supporting contract negotiations with the seven municipal unions and this remains an ongoing primary focus of the department. In FY25, the town completed negotiations with four unions, extending contracts into 2026. The primary goal for FY26 will be to begin or continue negotiations with additional unions whose contracts are close to expiration.

The HR department also handles all HR and benefits related questions and concerns from employees, retirees, and job candidates across all Town and School departments. This takes up a significant amount of staff time and the department has indicated that it would benefit from an additional part time staff member.

Information Technology

The IT department experienced a substantial amount of change this year, with the addition of a new Chief Innovation Officer who has spent the year working towards improvements and realignments with the needs of the town and its staff, and has completely rebuilt the staffing in the department. Because of new leadership, the budget for IT has more variability than many other budgets this year, including some increases, as well as some consolidations. Much has been accomplished through effective pivoting in place - cutting one outdated modality and replacing it with a more effective one (represented as a 68% reduction in the Network Support line item). As an example, the cybersecurity stack that was in place previously included a great deal of unnecessary redundancy and was overpriced. The town has discontinued that stack and moved to a managed service provider. This service provider is on the state contract list and is metered, so the town only pays for what it uses. This pivot also will provide continuity moving forward. This shift resulted in a significant restructuring in the IT budget, including a 993.3% increase in the Professional and Technical services line item.

The cost of maintenance and repair to IT assets represents not only a challenge this year, but a challenge moving forward (represented by a 400% increase in Computer Equip. Repair/Maintenance line item). Best practice according to the department is to have a four year rotation of replacement of IT assets, which could be classified as a capital investment, but given the strain on capital, also represents a challenge.

The department also successfully secured \$250,000 in grant funding to complete the redundant fiber loop as well as a \$96,000 Massachusetts Cyber Security Grant. The staffing of the department meets the needs currently, but there is a hope for a web and social media position in the future, though grants are being explored as a funding option for that possible position.

Additionally, there is work to be done on the GIS system for the town, so that is a future cost driver that should be considered. Overall the capital investment needed is the largest future cost driver, with a hope for a phased approach to minimize impact as well as the goal of accessing grants when possible.

Town Accountant

The Town Accountant maintains fiscal records and internal controls for all Town and School departments, including preparing and maintaining key financial records, supporting external and internal audits, overseeing accounts payable, and managing the weekly payroll process for all Town and School departments. There are 4 full time employees in the department.

The FY26 Town Accountant's budget will increase by \$39,002 (9.1%) to \$469,727. This includes \$20,982 (5.9%) increase in salaries due to hiring a new Assistant Town Accountant at a higher rate as well as cost of living and merit increases. The remaining \$18,020 represents expenses related to the biennial OPEB actuarial report. Expenses will therefore be expected to be lower in FY27.

The department continues working toward creating additional efficiencies in MUNIS and payroll processing begun in FY24 and FY25. FY26 goals include continued expansion of functionality of Employee Self Service (ESS); automating sick, vacation and personal time accruals; and implementing biweekly payroll once an agreement with all employee unions is reached.

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/Collector

Over the past 18 months, the Department has reorganized under the newly appointed Treasurer, resulting in the promotion of an existing employee to Assistant Treasurer/Collector and a reduction in the number of FTEs from 6.5 to 5.0. Numerous efficiencies have been achieved through process improvements, including a reduction in paper and printing costs, the implementation of electronic pay stubs, lower overtime costs, and the institution of remote deposit capture as well as a new online payment system. The Department is fully staffed with no vacancies and each position has been cross-trained to ensure smooth operations during vacations and other absences. On the revenue side, Investment income has been increased by broadening investments within the strict state guidelines. Tax lien collections were \$214,554 in FY24 and are on track to realize \$250,000-300,000 in unbudgeted FY25 revenue. There are approximately 20 tax liens outstanding.

The FY26 budget for the Treasurer/Collector's budget of \$607,632 represents a \$22,438 or a 3.8% increase from FY25, due entirely to increases in compensation and postage, offset by lower printing costs. Compensation is budgeted to increase by 5.9% or \$23,438 due to staff reorganization and updated job descriptions to reflect actual duties. Budgeted postage increases of \$5,000 are expected to be offset by efficiencies in printing expenses of \$6,000.

For FY26, The Department expects to continue to improve on the recurring efficiencies realized in FY24 and FY25 by converting the remaining Town departments to the online payment system. The Treasurer plans to update the investment policies to standardize it in line with current regulations and laws and cites continued professional development of Treasury staff as a further goal. The Treasurer anticipates that the final two tranches of debt exclusion issuance, one each for the library and hockey rink, will take place in September 2026.

The largest driver of the Department's budget is contractual compensation costs. The primary risk to the FY26 budget is unanticipated increases in postage rates. Technology risks and security of investments and transfers are always a risk, offset by strict guardrails and vigilant oversight.

The FY26 Treasurer/Collector budget, while increasing more than 2.5% over the prior year, is appropriate for the department. The Warrant Committee notes that, although expenditures rose in during the FY24 year of transition, the FY25 and FY26 budgets are lower than actual spending levels in FY22 and FY23. This is due to the Treasurer/Collector's exemplary job of identifying efficiencies, reducing expenses, and reorganizing the department and represents real recurring expenditure reductions in line with the Town's goal of reducing its structural deficit.

Board of Assessors

The transition from an elected Board of Assessors to an appointed Board (approved by town-wide vote in April 2024) has gone smoothly. The Department is fully staffed with no vacancies; there is a .2 FTE reduction in FY26 reflecting the new appointment structure, for a total reduction of 0.6 FTEs combined in FY25 and FY26.

The Assessor's FY26 budget of \$467,391 represents an increase of 1.1% or \$5,137 over FY25. Compensation will increase 4.0%, reflecting contractual obligations. Expenditures are budgeted to decrease by 3.8% due to a reduction in expenses that were incurred during FY25 for state-mandated revaluation, offset by an increase in subscriptions related to the new CAMA system and DOR

recommendations for added functionality. The elimination in stipends for elected officials is offset by a budgeted increase in part-time salaries.

New growth for FY26 is budgeted at \$860,000 , largely driven by residential additions and renovations. The number of abatement requests increased to 265 in January 2025 from 181 reported in January 2024 yet well below the applications received in FY20 and FY21. The Overlay, which funds abatements and exemptions, is \$840,000, in line with FY25. The Property tax work-off program for Belmont senior homeowners is also charged to this account. The Department sent out Payment in Lieu of Taxes letters to approximately 30 local institutions, however, qualified tax-exempt entities are not legally obligated to pay PILOT.

The conversion from the existing CAMA system to the new upgrade will take place between April and September of 2025 and the two systems will be run simultaneously during FY26 to ensure a smooth transition. The new system is expected to speed up processes and create numerous efficiencies for the Department and for all town departments.

Contractual compensation represents the primary cost driver in the Department’s budget, followed by revaluation costs (which vary by year). The success of the CAMA conversion, including training staff, represents the largest risk to the FY26 budget.

The FY26 Assessors budget is appropriate for the department and the growth rate of 1.1% is below 2.5%. The Warrant Committee also notes that, while Belmont taxes to the maximum amount of the property tax levy allowed by Proposition 2½, there will be a difference between the total levy and the amount received because the tax rate is set based on a whole penny per \$1,000 of assessed value, whereas the Proposition 2½ levy limit is calculated to the exact penny, which cannot be exceeded. Therefore, if the total amount raised by a particular tax rate would put Belmont even \$1 above the Proposition 2½ limit, the tax rate must be reduced by a penny, leaving excess levy capacity.

Abatement Requests 2020-2025

Year	# of requests
2020	556
2021	408
2022	148
2023	139
2024	181
2025	265

Human Services

FY26 Budget Changes from FY25

	FY25 Budget	FY26 Budget	\$ Change	% Change	FY26 FTE	Change from FY25
Council on Aging	\$ 422,086	\$ —	\$ (422,086)	(100.0)%	0	-6.37
Library	\$ 2,391,802	\$ 2,487,066	\$ 95,264	4.0 %	28.65	1.9
Health Department	\$ 616,761	\$ 493,821	\$ (122,940)	(19.9)%	4.65	-0.7
Community Services	\$ —	\$ 973,521	\$ 973,521	— %	23.5	23.5
Total Human Services	\$ 3,430,649	\$ 3,954,408	\$ 523,759	15.3 %	56.8	18.33

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 that support those services: Technical Services, Plant Operations and Administration.

Library Budget By Program

Program	FY2025	Budget \$	% Change
Administration	\$ 315,230	\$ 336,008	6.59%
Public Services	\$ 1,462,358	\$ 1,475,394	0.89%
Technical	\$ 437,774	\$ 483,624	10.47%
Plant Operations	\$ 176,440	\$ 192,040	8.84%
Total	\$ 2,391,802	\$ 2,487,066	3.98%

The new Library building being constructed on the existing site is scheduled to open in the Fall of 2025. During construction, Library Services have been operated out of the Beech Street Center, the Benton Library and the Chenery School, with 30% fewer hours and a majority of the browsing collection in storage.

Belmont Public Library has been one of the top circulating public libraries in the Commonwealth even compared to much larger cities and towns. With fewer hours during construction, usage has declined. But when the new building opens in Fall 2025, a 20% increase in usage of library services is expected.

Prior to construction, the library maximized efficiencies by implementing automation and self-service such as self-checkout, digital tracking of circulating items, and online chat and Text-a-Librarian. It also restructured staffing to meet increased demand with minimal increases in salary over the last 10 years. A return to longer hours in the new building will require more paid staff hours, but no new public service positions are requested in the FY26 budget. Salary expense will increase as hours increase for existing positions, and part-time librarian staffing that was reduced during construction is being restored. Compensation for Library employees is increasing 7.33% in FY26.

Plant operation expenses will rebound and increase when the new Library opens partway through FY26. Custodial staffing was reduced during construction and is being restored plus a marginal increase in part-time custodial hours in FY26. Electrical costs will be higher than the former building due to new building systems with digital controls, higher use of HVAC, and increased use of technology as a larger percentage of library services. The new building warranties will keep the maintenance costs down for the first year of operation.

The increased use of technology by library patrons creates a critical need for tech support, thus a Technology Librarian has been funded for three months of FY25 and continues for all of FY26. This position will implement the tech equipment in the new building, train other staff, provide a help desk, develop public programs, such as “Tech 101,” and facilitate use of dedicated “maker space” in the new building.

The new building will be open for only part of FY26, therefore its operational expenses will be incurred for only part of the year. Next year’s Library budget will be higher for the full year in FY27, but succeeding years will see a return to more consistent year to year budgeting. Going forward, the Library staff feel that the greatest area of unmet needs is staffing, to support alternative locations and teen services, and the biggest budget risks are in labor costs.

Health Department

The Health Department is overseen by the elected 3-person board of health in Belmont. There are 37 state mandates that control the majority of the work of the Health Department. The significant adds and reductions for this upcoming year represent almost a net neutral. The department is losing its .4 FTE Social Worker and .5 FTE Veteran's Services Officer to the new Community Services Division. They report that the shift will represent a challenge for their office in terms of meeting their service needs in a timely fashion, as well as losing a cumulative 30 years of experience within their department. The town has moved to an in-house .2 FTE Sealer of Weights and Measures, where that position had been previously contracted out. The salary of the Social Worker was repurposed into the stipend for the Sealer of Weights and Measures. Together, these changes total to a .7 decrease in FTEs.

Though the budget is level service according to the department heads, they report that the current budget meets the needs, but only just. The current budget does not allow for innovation or meeting new program needs, and it does not allow for effective community outreach or response. The current budget, with the addition of federal grants, effectively funds all current and necessary employees. There are concerns, however, that with changes in federal administration, federal grants could be unpredictable and unreliable. The department also reports that there is a clear need in town for the addition of a substance use disorder program coordinator/substance use disorder recovery coach, which is not in the current budget, but is a desire moving forward.

The current largest cost drivers for the budget are salaries and benefits (up 8.5% for full-time salaries, but down 62.8% for part-time salaries, due to the decrease in .7 FTEs mentioned above). Other large costs include the required contribution to the regional mosquito control program (up 2%), the new Sealer of Weights and Measures, the cost of inspections for food establishments (up 3.1%), and there is concern that the Avian flu will present additional costs for the Animal Control Officer.

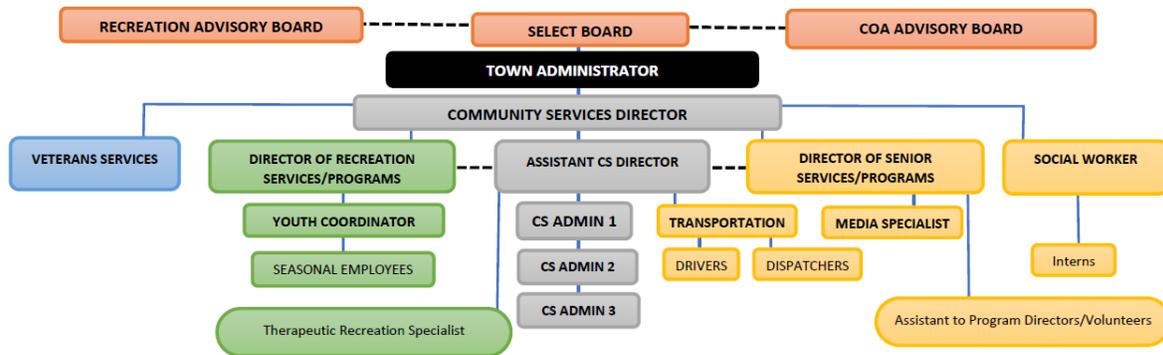
Steps are being taken to control costs. While the Sealer of Weights and Measures does represent a cost addition this year, having such a position in-house might create cost savings in future years. Additionally, the use of interns paid through grants in the summer is an effective method of cost control. In terms of future cost savings, there is the possibility of transitioning to an electric vehicle for the Animal Control Officer, but beyond that, the department already operates as leanly as possible.

Additional risks looking ahead include the possible volatility of federal funding and grants, the possible loss of the federally funded public nurse (whose position assists with providing vaccinations for underinsured children), as well as the potential impact of the Avian flu.

As of April 7, the grant money expected from the FDA to support food safety/standardization program has been halved, from \$20,000 to \$10,000. This is the funding commonly used to support the paid interns.

Community Services

Community Services is the newly formed department which includes the Recreation, Council on Aging, and Veterans Services Departments. Below is an organizational chart for the new department:



The following table displays a summary of the changes between the FY25 and FY26 in the budget elements that now comprise the Community Services Department.

Community Services Budget Summary

Element	Description	FY2025	FY2026
5310	Recreation Admin.	323,398	
6200	Council on Aging	422,086	
6310	Health - Social Worker	33,797	
6320	Health - Veterans' Services	111,226	
6410	Comm. Services Admin.		281,080
6420	COA Programs		439,165
6430	Veterans' Services		113,354
6440	Recreation Admin.		139,922
		890,507	973,521

Council on Aging (COA)

The COA is dedicated to advocating on behalf of older adults in Belmont. Their mission is to collaborate with other town departments, committees, and community service providers to enhance the quality of life for seniors. The efforts of the COA are focused on designing, promoting, and implementing services and programs that significantly improve their general well-being. The organizational structure of the COA has changed with the formation of the Community Services Department. Because of these changes in staffing, it is difficult to determine whether the budget meets historic needs.

Per the Community Services Director, feedback from the community included a request for additional communication to seniors. To meet that demand, the budget for supplies is increasing to support increased mailings and postage. It is difficult to assess if the current budget will effectively meet the needs of the department, because this will be the first full fiscal year that the department exists in this format.

At the time of writing, there is no indication that grants expected by the COA will be impacted by changes at the federal level. The largest grant is the formula grant all COA's receive from the state. There is no indication that this source will be cut in FY26.

Veterans' Services

The mission of the Department of Veterans' Services is to advocate on behalf of all veterans. This department helps to provide quality service and benefits to Belmont's veterans and their dependents who need emergency financial and/or medical assistance.

Belmont's Veterans Services is served by a part-time Veterans Services Officer (VSO). The VSO assists veterans in Belmont, a community estimated to include about 600 veterans. Efforts focus on helping them enroll in VA healthcare and in filing compensation claims, ensuring access to essential services and support.

The Office of Veterans Services is transitioning to the new Community Services department (see organizational chart). While Belmont's VSO does not anticipate and risks associated with this change, he expressed concern that veterans may have difficulty in finding him and needed services.

While no cuts have been announced at the time of writing, there remain concerns about potential cuts to VA services on the state or federal level. The impact of potential cuts may include increased demand on local Veteran support services. Such cuts could strain resources and complicate efforts to provide adequate support to the Veteran community in Belmont. For example, the number of qualified persons drawing on the statutorily required Chapter 115 benefits is currently stable, but there is an incoming qualified applicant and the VSO was aware of more qualifying applicants also needing those funds. Additionally, with the current cost of energy/heating in MA, as well as inflation, there may be more veterans who begin to need that assistance. The VSO also made clear that as needs of veterans increase, as well as challenges to accessing VA care, his hours may be insufficient to meet the needs of the community he serves.

Massachusetts state law mandates that every municipality has a full-time VSO, or an agreement to share a VSO with another community if a part-time role. Succession planning for the role of Veterans Service Officer is an area of uncertainty and risk. The experience of our current VSO enables him to fulfill his role on a part-time basis; this may not be the case for a newly hired individual.

Recreation Department

Recreation Department aims to improve the quality of life for Belmont residents by providing safe, high-quality recreational programs and activities.

The Community Services Director explained that existing in two locations (Senior Center and Town Hall) presents a staffing challenge. The Recreation subsection of Community Services has open positions that they hope to fill within the current budget. This should not create additional costs if filled.

The greatest cost drivers for the budget are in programming, such as the costs to run Summer Camps and operate the Underwood Pool. Assistant Town Administrator and Budget Director Jennifer Hewitt indicated that the budget will be carefully monitoring through this first full fiscal year as a department. Savings effected through this realignment have been reinvested in the department per Ms. Hewitt.

Areas for future cost management considerations will mainly arise with the consolidation to one location, and the expansion of available space when the Library exits the Senior Center. The Director also hopes to access a grant for technology improvements to the center that would likely make it a more attractive venue for rentals, increasing possible income.

Looking forward, the concerns for future cost drivers mainly revolve around the Senior Center itself, maintenance of the building, upkeep, and known future needs such as the replacement of the aging carpet, fitness equipment, etc.

The crosswalk below depicts a comparison of FY25 to FY26 staffing budget levels:

Crosswalk of Community Services Staff Funding Transition - FY2025 to FY2026

Area	Job Description	FTE	FY25
Recreation Admin.	Recreation Dir.	1	\$ 107,228
	Rec. Asst. Dir.	1	\$ 80,437
	Senior Rec. Coord.	1	\$ 72,500
	Rec. Coord.	1	\$ 64,177
Total Rec. Admin		4	\$ 324,342

Recreation Rev. Fund	Rec. Admin Asst.	0.45	\$ 23,872
	Adult Education		\$ 5,000
	Higginbottom Seasonals		\$ 40,000
	Underwood Pool Seasonals		\$ 432,000
	School Year Seasonals		\$ 21,596
	SPORT Program Seasonals		\$ 4,000
	Summer Camp Seasonals		\$ 175,000
	Total Rec. Revolving	0.45	\$ 701,468

Council on Aging	COA Dir.	1	\$ 92,754
	COA Assist. Dir.	1	\$ 71,314
	Admin. Assist. II	0.43	\$ 20,845
	Admin. Assist. II	0.54	\$ 28,747
	Social Worker	0.5	\$ 41,844
	Transport. Coord.	1	\$ 67,007
	Driver	1	\$ 48,780
	Media Specialist	0.28	\$ 8,481
Total Council on Aging	5.75	\$ 379,771	

COA Formula Grant	PT Driver	0.50	\$ 24,294
	PT Driver	0.35	\$ 16,355
	PT Driver	0.30	\$ 12,453
	Vol. Coordinator	0.60	\$ 40,000
Total COA Grants	1.75	\$ 93,102	

Health Dept.	Social Worker	0.42	\$ 33,797
	VSO	0.5	\$ 35,726
Total Health	0.92	\$ 69,523	

Note - the FY25 FTEs tie to the published FTE values in the budget. The FY26 values reflect hours worked.

	12.87	\$ 1,568,207
Total General Fund		\$ 773,637
Total Revolving Fund		\$ 701,468
Total Grant-Funded		\$ 93,102
		<u>\$ 1,568,207</u>

Area	Job Description	FTE	FY26
Community Service Admin.	Comm. Services Dir.	1	\$ 121,835
	Comm. Services Asst. Dir.	1	\$ 84,021
	Comm. Services Admin.	1	\$ 72,224
Total Community Services Admin		3	\$ 278,080

Council on Aging Programs	Director of Senior Services	1	\$ 83,958
	Transportation Coordinator	1	\$ 68,922
	Asst. Prog./Vol. Coord.	0.75	\$ 47,418
	Driver	1	\$ 61,624
	Social Worker	1	\$ 89,178
	Media Specialist	0.28	\$ 9,210
Total COA Programming	5.03	\$ 360,311	

COA Formula Grant	PT COA Dispatcher	0.50	\$ 26,311
	PT Driver	0.50	\$ 24,294
	PT Driver	0.35	\$ 16,684
	PT Driver	0.30	\$ 12,703
Total COA Grants	1.65	\$ 79,993	

VSO	VSO	0.5	\$ 38,054
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Rec Pgms Gen'l Fund	Rec. Program Dir.	1	\$ 73,393
	Youth Coordinator	1	\$ 66,528
Total Recreation Programs - Gen'l Fund		2	\$ 139,921

Recreation Programs Rev. Fund	Comm. Services Admin.	0.50	\$ 40,465
	Rec. Therapy Specialist	0.50	\$ 40,465
	Adult Education		\$ 5,000
	Higginbottom Seasonals		\$ 40,000
	Underwood Pool Seasonals		\$ 372,000
	School Year Seasonals		\$ 25,000
	SPORT Program Seasonals		\$ 4,000
Summer Camp Seasonals		\$ 175,000	
Total Recreation Revolving Fund	1.0	\$ 701,930	

	13.18	\$ 1,598,289
Total General Fund		\$ 816,367
Total Revolving Fund		\$ 701,930
Total Grant-Funded		\$ 79,993
		<u>\$ 1,598,289</u>

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.