

Financial Task Force II Update

TOWN MEETING

NOVEMBER 14, 2019

Financial Task Force II Membership

Catherine Bowen	School Committee Representative
Thomas Caputo	Select Board Representative
Floyd Carman	Town Treasurer
Anthony DiCologero	School Finance Director
Patrice Garvin	Town Administrator
Geoffrey Lubien	Warrant Committee Representative
Mark Paolillo	Resident, Financial Task Force (2015) Chair
John Phelan	Superintendent of Schools
Hardy Tey	Resident
Rebecca Vose	Capital Budget Committee Representative

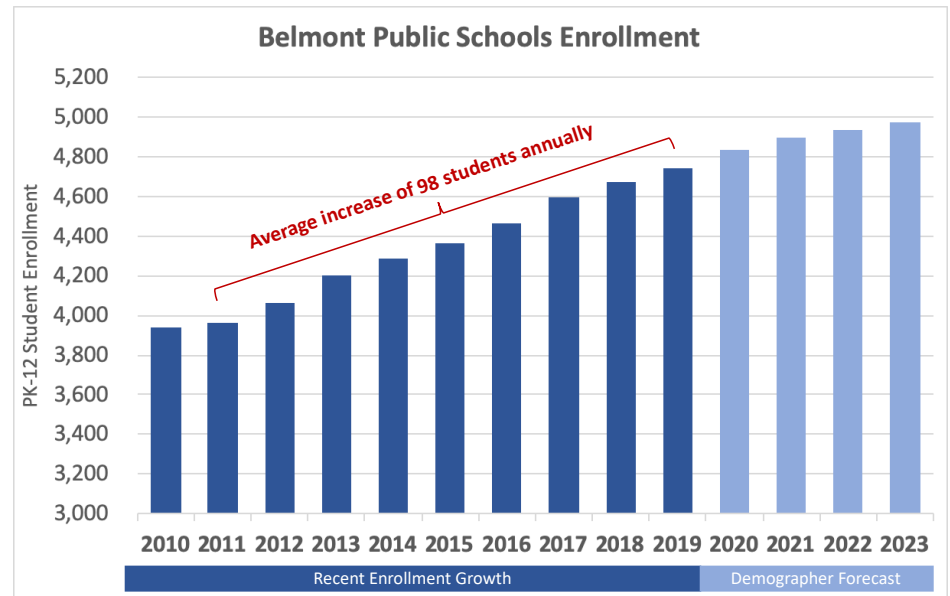
The 2015 Override Achieved its Objectives

- Belmont Town & Schools received Proposition 2 ½ override of \$4.5 M in April 2015
- **Original Goal:** Override would sustain budget for three fiscal years
- **Current Status:** Stretched 2015 override funds to five years (FY16 to FY20) though thoughtful planning, fiscal prudence, and a strong economy



Key Cost Drivers Create Substantial Challenges for Belmont's Budget

- School enrollment has increased an average of 98 students per year for the last eight years
- Mandated school services costs (e.g. SPED, ELL, etc.) are increasing significantly (8% 3-year CAGR)
- Townwide health care costs are increasingly well above inflation (9% 3-year CAGR)
- Significant capital needs are evident (e.g. deferred maintenance, facilities, sidewalks, pavement, etc.)



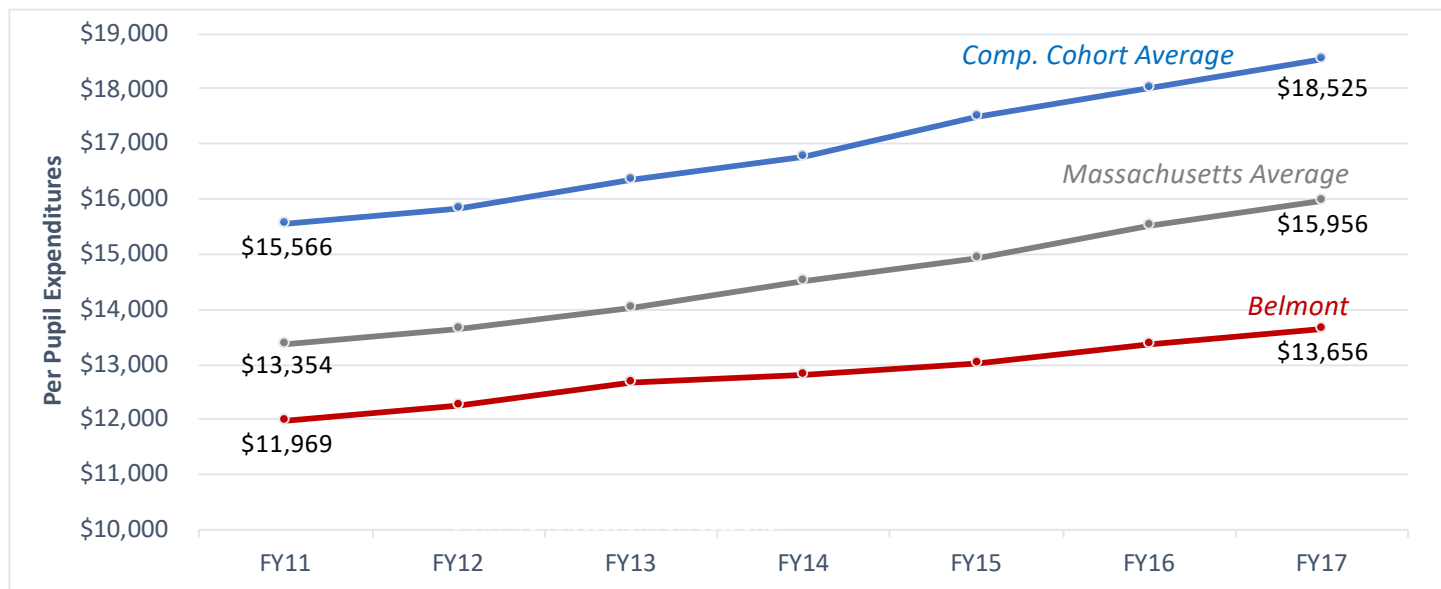
Forecasted analysis conducted by McKibben Demographic Research (April 2018)
Student enrollment measured on October 1st of each year

Massachusetts Proposition 2½ Constrains Revenue Growth

- By Massachusetts statute, a municipality's property tax levy cannot be increased more than 2.5% over the prior year's levy limit, with certain exceptions for new growth
- Municipalities such as Belmont are in an untenable situation where periodic overrides are required to maintain even a "level services" budget over time

Belmont Continues to Spend Efficiently...

- Per pupil expenditures for Belmont Schools are 14% lower than the Massachusetts average and 26% lower than comparable districts



Source: Mass. DESE School and District Profiles (profiles.doe.mass.edu)

...and Identify New Revenue Opportunities...

- ☑ Implement key Financial Task Force (2015) recommendations
 - Rezone South Pleasant St. to encourage redevelopment
 - Implement Parking Management Plan
 - Maximize revenue opportunities from Town and School recreation assets
- ☑ Secure incremental state and federal grant money to fund support projects (e.g. MSBA, Complete Streets, MassTrails Grant, legislative earmarks, etc.)
- ☑ Lobby for State Chapter 70 Foundational budget changes
- In Progress

 Create Recreation Enterprise Fund to enable Recreation to be self-sustaining

...and Cost Savings Measures

- ☑ Implement key Financial Task Force (2015) recommendations
 - Combine Town and School facilities resources under single department/budget
 - Develop 3-year headcount growth plan to efficiently manage enrollment challenge
- ☑ Creatively design and fund major capital projects (e.g. DPW, Police Station)
- ☑ Collaborations with other communities (e.g. LABBB Collaborative School, shared building inspectors, group purchasing, etc.)
- ☑ Identify efficiencies between Town and Belmont Light operations
- ☑ Only 1.5 FTE addition in Town Budget in last three years
- ☑ Free Cash contributions to Stabilization Fund (two times)

Despite Efforts, a Structural Budget Deficit Exists for FY21, Forcing Use of Remaining Reserves

- Currently funding recurring operating budget costs with one-time revenue sources (e.g. stabilization funds, Free Cash)
- FY21 structural deficit estimated to be between \$5-6 M to maintain current Town and Schools service levels
- Stabilization fund from 2015 Override heavily utilized for past two fiscal years
- Through “belt tightening” efforts and by using Free Cash reserves, Belmont is working to fund one more year (FY21) before another override is required

Belmont Is Exploring a Proposition 2½ Override in November 2020

- Goal to achieve financial stability for multiple years and avoid substantial cuts to Town & School services and headcount
- Specific size of override to be determined through Financial Task Force II strategic modeling and planning process (spring 2020)
- Creation of new recommendations from Financial Task Force II
 - Long-term Capital Planning Committee
 - Incremental new growth options
 - Review of PILOT payments