



Warrant Committee Report Town of Belmont FY 2017 Budget

May 2016

2015 – 2016 Warrant Committee Members

John Alcock

Adam Dash

Roy J. Epstein (Vice Chair)

Jennifer Fallon

James Gammill (Secretary)

Anne Helgen

Michael Libenson (Chair)

Paul Lisanke

Robert McLaughlin

Christine McVay

Gregory Mennis

Robert Sarno

Ellen Schreiber

Ed Starzec

Ex officio

Sami Baghdady, Board of Selectmen

Susan Burgess-Cox, School Committee

Laurie Slap (former Member, School Committee)

Introduction

Town Meeting, June 6, 2016

Authorization: As prescribed by the Town of Belmont's By-Laws, 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.

I. Background on budget development: 2015-2016

Last year's override made for a relatively straightforward budgeting process this year, in part by allowing additional, planned expenditure to address growing school enrollment and special education costs as well making further investments in roads and sidewalks.

Late in 2015, we developed a perspective on Belmont's available revenue, including property taxes, local fees and other revenues, such as motor vehicle excise taxes, and what the state budget would likely be, determining the level of state aid. After subtracting out the fixed costs, such as pensions, Minuteman, and roads override funds, the total operating budget was identified. This allowed us to determine a starting point allocation of available revenues for both Municipal (or Town) and School budget categories.

The Board of Selectmen, School Committee, and Warrant Committee agreed to use the assumptions laid out by the Financial Task Force (and that were the foundation for the override discussion) to set the starting point for FY2017 and all departments started their budgeting work using these targets set in December. As is typical, this revenue picture has been refined, such as with more accurate numbers on state aid becoming clear, and with greater clarity on expense requirements, such as the need to fit out additional classrooms to support enrollment growth. These limited adjustments have been made and are reflected in the budget to follow.

There are two important impacts to our budgeting this year that cause disruption in year-over-year comparisons. First, the ongoing process of consolidating School and Town facilities operations has resulted in a large portion of the School facilities budget to be shifted to the Public Services budget (on the Town side), specifically \$2,529,417. This creates the inaccurate impression that the School budget has relatively small growth (0.9%) and the Town budget has relatively large growth (12.0%). Without this movement, the growth rates would have been 6.0% and 4.0% respectively. Second, Belmont received an insurance settlement of \$985,000 regarding the fire stations and these funds have been added to the Capital budget to pay for directly related costs at the fire stations. Additionally, FY2016 had \$290K in bonding costs for BHS fire alarms and Public Safety radios. Using a more apples-to-apples comparison, the Capital (Discretionary) budget has actually grown by 7.2% vs. the 44.7% seen below.

II. Overview of FY2017 budget

The net result of these developments is a recommended budget for FY17 of \$106,331,620 (Exhibit 1).

Exhibit 1: Overview of FY2017 Budget vs. FY2016 (Adj.) – \$000's

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

*Legally binding obligations such as: pensions, debt repayment, state charges (e.g., MBTA), capital budget (roads override), Assessor's abatement reserves, and assessment for Minuteman Vocational Regional School

FY2017 Budget Highlights

- The override has allowed Belmont again to maintain level services across Municipal budgets, avoid major cuts in the School budget, and make ongoing investments in capital (roads, etc.)
- The School budget is increasing by 0.9% from General Funds [note: really, 6.0% prior to shifting Facilities costs] with an incremental 5 FTEs to cover increased special education and enrollment costs; the Schools budget at \$50.1 million is 55.9% of the Operating Budget (Exhibit 2)
- Municipal budgets increased by 12.0% [note: 4.0% absent Facilities shift], retaining at least level services
- Pensions and debt account for 70.2% of fixed costs (which grow by 4.9% overall), with Pension costs rising by \$455,365 (or 7.0%) and debt expense rising by \$289,613 (or 6.6%) (Exhibit 3)
- Capital Budget (Discretionary) is growing by 44.7% due to \$985K in settlement proceeds for the two fire stations; otherwise, the Capital Budget builds on the increase from last year's override growth (+7.2%)
- Rising compensation, special education costs, and school enrollments are key drivers causing overall expenses to continue to rise faster than revenue, putting pressure on future budgets

Exhibit 2: Operating Budget by Department

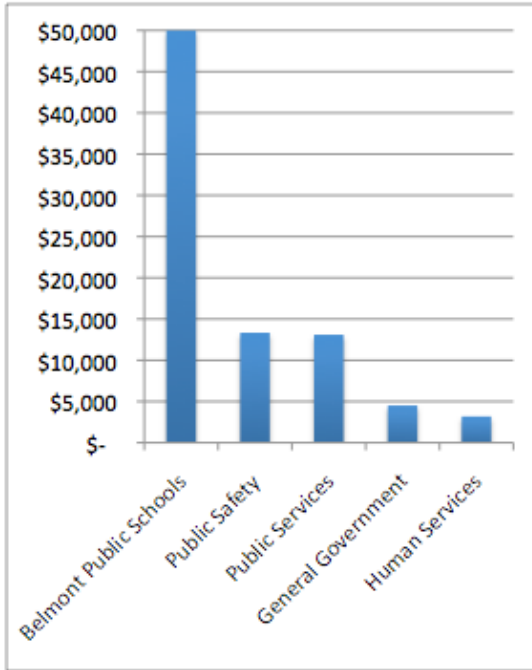
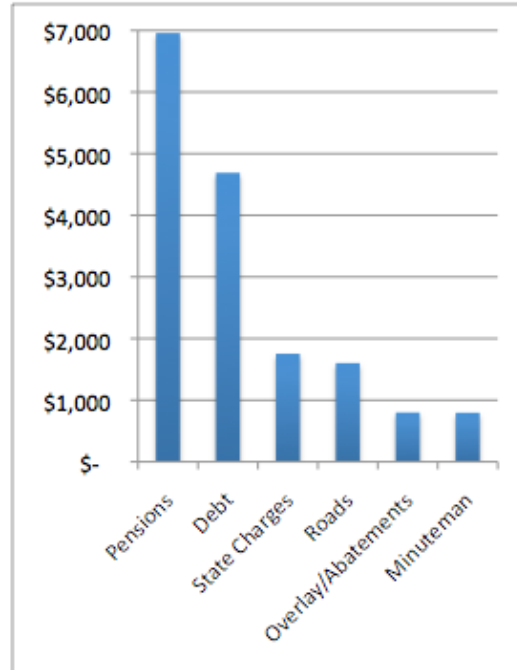


Exhibit 3: Fixed Costs by Expenditure



III. Departmental Highlights

The key analyses and recommendations for specific departments are summarized below. Detail and support is provided in the report that follows.

Education (*Belmont Public Schools and Minuteman*)

1. Special Education expenses continue to grow at an exceptionally high rate. Total spending on Special Education programs, including in the Pre-K classrooms, is budgeted at \$15.6 million in FY 2017, up \$1.7 million (and 12%) from the FY 2016 budget.
2. The district expects enrollment to be up 100 students in FY2017, an increase of 2.3%. Higher enrollment brings new strains to many aspects of the school programs and budget.
3. Total compensation costs for FY2017 are budgeted to be 3.7% higher than in the FY2016 budget. Negotiations for the next round of three-year contracts will begin in the fall of 2016. Since salary and benefit expenses to current employees make up 72% of the total school budget, the outcome of these contract negotiations will have a significant impact on subsequent budget preparations.

4. *Minuteman*: Belmont stands at an important crossroads with this month's disapproval of the debt authorization for the planned new school. We hope to open a path forward to resolve Belmont's obligation to provide vocational education alternatives for its students in an appropriate and fiscally responsible way.

Public Services (*Department of Public Works (DPW), Community Development (CD), Facilities*)

1. Budget constraints limit infrastructure investment and maintenance of existing town facilities and assets. The new Underwood Pool is anticipated to have high membership, and the fees are expected to cover operating costs and possibly provide a surplus for future upkeep. The DPW yard and the Vigliolo skating rink are both past their useful life, and need replacement. The solid waste and recycling contract was extended for two years, which will allow ample time for community discussion of future disposal options.
2. Community Development is hiring a new Planner position, as the workload has become too much for one person. Expansion of online filing of permits will lead to efficiency and easier tracking. CD is budgeting additional funds for the management of Rock Meadow in FY2017.
3. The new combined Facilities department allows for better planning, economies of scale in ordering, and a more holistic approach to capital budget matters. While the Department manages the Library's maintenance staff, it does not yet control the Library's facilities budget or capital projects. Consolidation of the Town and School security personnel and systems is being explored. A facilities audit found about \$14 million in trade costs alone for repairs to the current buildings in Town, such as school building envelopes and boiler replacements. It is not clear what budget amounts will actually be available to address these issues near term.

Public Safety (*Police, Fire, Emergency Management*)

1. The value of recent and proposed Town investments in Public Safety computer hardware, software and related equipment will be realized only if the next steps – customizing data to provide information useful in the management of resources and improving network efficiencies – are a priority of the departments and the Town. In addition, focus on technological improvements, such as computerizing shift schedules, are bringing new efficiencies to the departments.
2. As a result of key retirements, there will be a loss of institutional knowledge and leadership in late FY2017 and FY2018 at the Fire Department. A broader strategic process will help ensure a smooth transition that also matches Town strategic plans.
3. Any decision to add new resources, particularly the addition of an ALS coordinator or incremental personnel to accommodate new growth, requires a disciplined and data-driven analysis of the costs/benefits of expanding the departments.

General Government (*Financial departments: Assessors, Accounting, Treasurer; Administrative departments: Human Resources, Information Technology, Town Administrator, Town Clerk*)

1. The Town Administrator department, under the oversight of the Board of Selectmen, will be significantly occupied with launching, progressing, or completing numerous projects that are highly visible and important to town residents, including the Belmont High School / MSBA

process, the recreation strategic plan, the solid waste contract, renovation of the MBTA Waverley Station, the community path feasibility study, the skating rink public/private partnership, the Verizon cable TV license agreement, completion of the Belmont Center project, progress on the Cushing Village project, and the implementation of additional Financial Task Force recommendations.

2. The Town Clerk's office faces a challenging year with the upcoming presidential election, which traditionally brings a registration increase of more than 1,000 voters, as well as 85% turnout on Election Day. Implementation of the new Election Reform Law will require early voting, pre-registration of 16 and 17 year olds, online voter registration and post-election audits, necessitating many new processes and training. In addition, many of Belmont's election workers are seniors and recruiting, qualifying and training ~50 replacements has been a major focus.
3. Cybersecurity is a particular focus and challenge for the Information Technology Department, as government networks are continually attacked through viruses, malware and direct hacking. All applications connected to the town network are penetration tested. A mobile device management system is being implemented, a password management system is in place, and over 1,000 software patch updates are installed each year. One area that cannot be protected by any software or hardware solution is the email that utilizes social engineering to attempt to extract personal information for identity theft, so a comprehensive program of Security Awareness Training is being rolled out. At the same time, the Town network is backed up every 15 minutes in order to mitigate loss in the case of a breach.

Human Services (*Council on Aging (COA), Health, Library*)

1. Approximately 5,000 (or one-fifth) of the Belmont residents are over age 60. This past year the COA with modest level funding continued to expand its services and programs and reached more than 2,000 different users. As in prior years, to fund its programs the COA successfully leveraged their funds by seeking grants, donations, revolving funds and volunteer services. This year, the COA budget proposes to fill a gap and provide social service coverage during the summer months.
2. The Health Department is challenged with many more public health needs than it has staff to implement. Global crises like the Ebola and Zika viruses require significant emergency preparation, while locally, the opioid epidemic and Healthy Homes initiative (to address hoarding) are top public health priorities. By shifting some resources in the FY2017 budget, the department will be able to outsource some routine food inspections, freeing professional staff time to focus on some of these strategic initiatives.
3. The Library's budget is slated to increase by 3.1% to continue fulfillment of its mission, serving as a resource for equal and open access to information to meet the diverse needs and interests of the citizens of Belmont. Staff and the Board of Trustees have worked to complete a long-term plan and are in the process of implementing a feasibility study to determine infrastructure needs. The Library will have additional part-time staff to expand hours in the Children's Library.

IV. Risks and Concerns regarding the FY2017 Budget

The FY2017 budget cycle was impacted positively by over \$4.6 million in incremental revenue from the passage of the override. The state economy appears strong, which should insulate us against midyear cuts in state aid. We have an experienced team across the board in Town and School leadership.

There are, however, three areas that require ongoing attention:

- Special Instruction costs (including Special Education and ELL) continue to occupy a larger and larger percent of the Education budget, growing at 12.5% in FY2017 vs. 2.6% growth in the Regular Instruction budget. This cost category, particularly out-of-district placement and transportation costs, is difficult to forecast and small changes can have meaningful impact. Currently, the Special Education Stabilization Fund is effectively empty and therefore cannot provide a buffer.
- The Belmont Public Schools have experienced unusually large enrollment growth in the past few years, with 426 new students added from October 2010 to the October 2015 census. The School department forecasts an additional ~100 new students in FY2017. This number is inherently uncertain.
- Belmont's model of self-insurance for healthcare has enabled budgeted cost to remain relatively flat once again in FY2017, with budgeted 2.5% growth. If our actual experience with healthcare expenses exceeds our forecast, these additional costs would need to be absorbed. Belmont does employ reinsurance policies to manage extraordinary events.

V. Free Cash and Stabilization Fund Update

By law, the MA Department of Revenue certifies each city or towns free cash as of July 1 of a given year. Belmont started FY2016 with \$7,604,052 in certified Free Cash. Last year, the Board of Selectmen and Warrant Committee agreed upon a Free Cash Guideline which is that Belmont will seek to maintain Free Cash in the amount of 3-5% of the current year's General Fund Revenue Budget (with a target of 4%). As the FY2016 General Fund Revenue Budget was voted to be \$100,293,295, this would suggest currently holding between \$3.1 million and \$5.1 million in Free Cash.

Earlier this month, Town Meeting voted 237 to 5 to allocate \$1.45 million in Free Cash for the Chenery Modularity. The FY2017 budget allocates \$1.70 million in Free Cash to the operating budget and assuming Town Meeting approves the OPEB Stabilization Fund contribution of \$316,530, Belmont will retain \$4.1 million in Free Cash, or 4.0% of the FY2016 General Fund Revenue Budget.

As we experience each year, it is expected that we will replenish our Free Cash balance to some degree as of the July 1, 2016 certification, due to revenues in excess of budget and expense turnbacks. The six-year average for Free Cash replenishment is \$3.0 million. Some amount close to this will be necessary if we are to use ~ \$1.5 – \$2.0 million of Free Cash in the FY2018 operating budget and protect ourselves against future unexpected costs, such as snow removal.

Town Meeting has now created three stabilization funds — each effectively “rainy day funds”. The Special Education Stabilization Fund was established in 2012, with \$250,000 voted to cover extraordinary special education costs. The full amount of the original deposit was withdrawn by vote of Town Meeting on May 6, 2015 and it is currently uncertain whether that fund will be replenished. Two new stabilization funds were created last June: first, a General Stabilization Fund to hold the \$1.67 million of override funds not spent in FY2016 (but rather intended to extend the impact of the override as long as possible) and, second, a Major Capital Stabilization Fund that is expected to hold one-time revenues from the sale of Town assets and possible excess Free Cash (beyond the 5% Free Cash Guideline upper-end). This Major Capital Stabilization Fund is currently empty but its objective is to help address three very large capital projects: the DPW facility, the police station, and the library. Note that the initial Belmont High School funding of \$1.75 million was just voted this month to come directly from the proceeds of the sale of the Woodfall Road property.

The Warrant Committee acts in the belief that taxpayer monies must be deployed with the greatest possible efficiency and effectiveness and that overrides in Belmont are rare. It will be a top priority of the Warrant Committee to ensure that the current override is sufficient to balance Belmont's budget for as long as possible. The three stabilization funds are an important part of that strategy.

While Free Cash represents one-time funds — and therefore is most appropriately used for one-time expenditures — it is important to point out that the regular replenishment of Free Cash from excess revenues or expense turnbacks is the core rationale for Belmont traditionally using of approximately \$1 – \$2 million of Free Cash for the operating budget. Any use of one-time funds for the operating budget to avoid an override — whether they are taken from Free Cash or the General Stabilization Fund — is only sustainable to the degree that those funds are replenished. If not, Belmont's cash will eventually run out.

VI. Commentary on Long-Term Trends

The headwinds that drove last year's override are the continuation of several long-term trends that we have been managing for years and will continue to do so. There are four major drivers on the expense side: 1) increasing compensation costs, 2) enrollment growth and mandated school costs, 3) increasing capital investment / maintenance costs, and 4) our large pension and healthcare obligations.

1. Compensation

Compensation costs represent 68.0% of the overall Belmont budget. As such, controlling compensation growth and matching it to revenue growth will remain a vital factor in keeping our budget in balance for years to come.

Many Municipal and School employees are unionized, with contracts that are typically negotiated every three years. Our last teacher contracts, for example, were finalized in 2014 and include growth that exceeds our forecasted revenue. The outcome of upcoming contract negotiations is perhaps the single most important factor in Belmont being able to maintain a balanced budget without either draconian expense reductions or additional tax increases. While we certainly value hiring and retaining top quality talent across the municipal and school employment spectrum,

managing salary inflation to match revenue growth is arguably our most important task on an on-going basis.

2. Enrollment Growth and Mandated School Costs

Belmont's school system is clearly a powerful motivator in attracting new families to move here, including from all over the world. Over the past ten years, student enrollment has increased by 720 students, more than the total populations of any of our four elementary schools. Maintaining classroom sizes has necessitated more teachers and aides.

The School Department anticipates another 400 students entering the system in the next four years, including 106 new students expected to come from the Cushing Village and Uplands developments. Funded by the override, Belmont will have hired fifteen new FTEs over the FY2016 and FY2017 budgets and five more are expected in FY2018.

Growth in Special Education and ELL costs has also contributed significantly over time, with meaningful forecast growth in the coming years. In FY2017 alone, Special Education costs are increasing by \$1.7 million, or 12% – representing the single largest expenditure increase in the entire budget. Managing these mandated costs will require creative and thoughtful effort over time, as meeting student needs is the necessary priority.

3. Capital, Maintenance, and Infrastructure

Decades of underfunding maintenance of our roads, sidewalks, and other capital assets have added to our current burden. The Pavement Management Committee analysis of 2007 determined that 69% of our roads would have to be completely re-built from the dirt up — a far more expensive proposition than preventative maintenance.

Last year's override deploys \$620-750K per year in additional funds for roads, sidewalks, and other capital. The goal, in part, is to increase the level of preventative maintenance so that the more recently repaved roads are kept from deteriorating to the point that more expensive, complete replacement is required. In fact, in FY2017, Belmont will spend \$2.5 million on our roads and sidewalks, close to the maximum amount that Community Development can reasonably spend during the months with weather amenable to pavement work.

Beyond the roads, in 2011, Town Meeting voted to create a consolidated Facilities Management group (and Director) under the oversight of the Town Administrator and Belmont Schools Superintendent. This team, in collaboration with the other Town Departments and the Capital Budget Committee, will continue to identify the most critical maintenance and capital asset management opportunities.

It is important to note there remains a list of large capital projects that Belmont expects to initiate over the next nine years, most notably the high school, DPW facility, police station, and library. The impact here is more on borrowing costs vs. operating expense but the cost of these new projects will likely be meaningful for taxpayers — with cost estimates in the range of \$200 million overall.

The Belmont High School project is the largest capital project in the history of Belmont. Now that Belmont has received MSBA approval, a building committee has been formed, and \$1.75 million (from the sale of the Woodfall Road property) was appropriated by a vote of 237-7 to fund the feasibility study and other activities. Other key decisions remain, including a likely Town-wide debt exclusion vote.

4. Pension and Healthcare Obligations

Employee pensions. In decades past, Belmont underfunded its pension obligations, creating an unfunded liability of over \$74MM. In recent years, we have worked in collaboration with the Belmont Retirement System to establish and maintain an aggressive funding schedule that pays down our unfunded liability by 2027.

Underfunding our pension obligations in the past has both increased the burden on current taxpayers and contributed to the forecasted budget deficits that the override was designed to address. In FY2017, for example, we are budgeting \$6,958,000. This amount is scheduled to grow at 7% each year, increasing the fiscal pressure. It is important to note that Belmont conducts a biennial actuarial valuation to evaluate investment performance and other factors, enabling us to regularly evaluate our funding strategy.

The current plan is to continue to pay off our unfunded liability by 2027, prior to the state-mandated goal of 2040, as this leaves some cushion in the event of a financial downturn. When the pension liability is fully funded, Belmont plans to pre-fund retiree health care benefits.

Finally, following Town Meeting's request last spring, the Warrant Committee provided Town Meeting with a Pension Report in October 2015 and held a public hearing to discuss the Report (available at http://www.belmont-ma.gov/sites/belmontma/files/file/file/pension_report_final_10-15-15.pdf). The Warrant Committee will continue to work with the Retirement Board to explore options for lessening the operating impact of pension growth, while retaining a prudent approach to funding.

Healthcare, including other post-employment benefits (OPEB). Overall, healthcare costs represent one of the most significant management challenges for Belmont. Nationally, healthcare inflation has been more than double overall price increases for the past 30 years (215% vs. 100%). These rising costs impact our annual budget as well as our retiree healthcare obligations, otherwise known as OPEB. In recent years, Belmont has done a very good job on this front through self-insurance and effective negotiations, keeping growth at or near 0%. At the national level, healthcare inflation has also moderated in recent years.

Future growth in healthcare costs is a major factor affecting Belmont's finances. Belmont's FY2017 healthcare inflation remains relatively low at 2.5%. This is one area that Belmont's leadership will continue to manage carefully, with the goal of mitigating these increases as much as possible.

There has been considerable discussion of the \$173 million liability for retiree benefits on the Town's balance sheet and its potential impact on the town's Aaa rating. Following the guidance of our actuarial consultants, Belmont adheres to GASB 45 rules by using pay-as-you-go funding as well as an annual contribution to future liabilities. Specifically, the FY2017 budget includes

\$2,830,516 to pay for health care benefits for currently eligible Belmont retirees (Municipal and School), although the total cost of retiree health benefits is substantially higher when including subsidies provided to pre-Medicare-age retirees (which is included in the Town's budget for health insurance that covers active employees).

An OPEB Study Group is currently gathering important data that will allow Belmont to gain greater clarity regarding our OPEB liability. For example, our existing valuation of our unfunded liability is based in part on average costs statewide vs. those experienced in Belmont. We expect to learn much more in the coming year about our actual existing liability and options we have to manage it.

The financial articles also include a contribution of \$316,530 to the OPEB Stabilization Fund to support future benefit payments. In addition, the Town has implemented a series of measures to address the future cost of these benefits including: changes to health insurance plan design, required participation in Medicare for eligible retirees, and providing the state allowable minimum 50% contribution for retiree health insurance. Finally, funding that is now allocated annually to cover pension costs may be available for the OPEB obligation once the unfunded pension liability is fully funded.

VII. Organization of the Report

As in the past, the Warrant Committee takes a programmatic approach to analyzing the budget. Under this approach, we identify the programs provided by each department and then analyze the cost and FTE allocations of those programs. For each department, we have provided a description of the core mission and services provided. We then present a spending overview on a programmatic basis. An expense analysis follows, detailing and explaining those expense items that have changed by more than \$5,000 and 5%. There is description of proposed additions to programs and services, whether budgeted or not. Where useful, we have included special analyses on issues confronting a department. Each section concludes with a recap of progress with respect to recommendations made in FY2016, and then our observations and recommendations for FY2017. We continue to refine this format and welcome all feedback on how to make this report more useful to Town Meeting Members. Our email address is warrcommpublic@belmont-ma.gov.

Contents

General Government	1
Town Clerk	1
Town Administration	3
Human Resources	6
Information Technology	8
Town Accountant	10
Town Treasurer	12
Assessors' Office	14
Human Services	16
Council on Aging	16
Health Department	19
Library	22
Public Safety	25
Police Department	25
Fire Department	29
Public Services	34
Public Works	34
Community Development	38
Facilities	40
Minuteman	42
Belmont Public Schools	44

General Government

Article 10 A: That under General Government, \$4,510,412 be raised and appropriated.

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.

Town Clerk

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$450,089	\$50,284	12.58%	4.50

Department Mission / Description of Services

Mission: To support town governance by gathering, recording and communicating vital information in a timely and accurate manner.

Services: (a) Elections and Registration: conduct elections, maintain the town census and voting lists, promote voter registration and participation; (b) maintain the town's vital records from 1859 to present, issue licenses, maintain information about Town Meeting, boards and committees in compliance with Open Meeting Laws, ensure compliance with ethics and campaign reporting requirements; and (c) Legislative: provide information support to Town Meeting members and support to conduct Town Meeting.

Budget by Program

Most of the cost is distributed between two areas – Elections and Registration and Town Clerk responsibilities.

Program	FTEs	FTE %	Budget \$	Budget %
Elections & Registration	1.40	31.1%	230,645	51.2%
Town Clerk	3.00	66.7%	200,216	44.5%
Legislative	0.10	2.2%	19,228	4.3%
TOTAL	4.50	100.0%	450,089	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Full Time Salaries	\$84,227	\$77,592	8.6%	More elections so work more 40hr weeks (instead of 35hr)
Election Poll Workers/Tabulators	\$76,950	\$49,716	54.8%	More elections so more poll worker time

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

In FY17, budgeting for 3 planned elections (Sep, Nov, Apr) plus 1 unplanned. In FY16, hired and trained 48 new/replacement poll workers in preparation for presidential election - in service for March 2016 election.

Vital records digitization project (CPA funded) : Completed part 1 evaluation; part 2 scanning; part 3 indexing. Part 4 stabilizing old books underway based on prioritization. Next projects might include indexing Town Meeting minutes and votes, annual reports, Board of Selectman minutes and votes.

Town Administration

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$1,016,374	\$13,095	1.31%	5.00

Department Mission / Description of Services

Mission: Under the policy direction of the Board of Selectmen (BOS), the Town Administrator shall: (i) serve as the town's chief administrative officer; (ii) act as the agent for the BOS; (iii) be responsible to the BOS for the proper operation of town affairs for which said administrator is given responsibility; (iv) supervise, direct and be responsible for the efficient administration of all departments and employees under the jurisdiction of the BOS; and (v) perform all functions for which the administrator is given responsibility, authority or control by this act, by-law or by vote of the BOS.

Services: (a) Oversee and coordinate activities of Town departments; (b) initiate and organize planning and budgeting; (c) serve as senior point of contact for residents regarding town services and issues.

Budget by Program

The largest amount of time and resources are spent in General Management services, which includes but is not limited to, meeting with department heads, overseeing and procuring insurance, and handling community relations. Legal Services takes the next largest amount of resources.

Program	FTEs	FTE %	Budget \$	Budget %
General Management	5.00	100.0%	585,036	57.6%
Board of Selectmen	0.00	0.0%	126,338	12.4%
Legal Services	0.00	0.0%	297,500	29.3%
VFW Lease Agreement	0.00	0.0%	7,500	0.7%
TOTAL	5.00	100.0%	1,016,374	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Health Insurance	\$71,150	\$77,160	-7.8%	Employee changed health insurance choices
Pension Fund*	\$6,958,000	\$6,502,635	7.0%	Approved pension funding schedule
Workers Compensation*	\$123,152	\$112,050	9.1%	Estimated policy cost increase
Health Insurance*	\$58,320	\$0	NA	Aggregated 2.5% increase for all Town employees
Salary and Benefit Reserves*	\$882,287	\$826,686	6.7%	Salary reserve for public safety contracts under negotiation

* these numbers are not included in the Town Administrator's budget total

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

This department is undertaking new tasks, such implementation of new water and sewer billing and collection system, the new Belmont High School project, the Recreation Strategic Plan, and preparing to bid the solid waste contract in two years. A consultant will be hired for the community path project. Work is being done with other affected towns regarding the Logan Airport noise increase.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Work with school department to streamline services wherever possible	Cooperation still going well, bringing in Library under new consolidated facilities department. The facilities departments have been combined.
Regionalization	Opportunities are explored as they arise, but it is difficult to accomplish due to disparate contracts, unions, pensions, OPEB and politics.
Further use of technology	Combining billing systems, working to automate room reservations. Some permit applications have been made available online.
Re-work the VFW payment/lease	The Financial Task Force has looked into this.
Re-bid legal services	Legal services budget should be put out to bid again, or exploration of savings with in-house counsel should be explored.
Market Town Hall for rentals	More promotion has led to more rentals
Better coordination between small departments	This has been done.
More training regarding IT resources	This has been done.

FY 2017 Recommendations

Recommendation	Rationale
Issue the remaining alcohol licenses	The Town is still holding several full alcohol restaurant, and several beer/wine restaurant, licenses. Issuing them will lead to more revenue.

Human Resources

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$292,784	\$7,862	2.76%	2.92

Department Mission / Description of Services

Mission: Provide a range of personnel services to the Town.

Services: (a) Benefits administration for current employees, retirees and survivors; (b) management of employee/labor relations including contract negotiations, grievances, performance policies and handbooks; (c) implementation of pay and position classification including maintenance of job descriptions and pay plans for all employees; (d) recruiting and overseeing training for employees in compliance with contracts and state and federal regulations; and (e) providing information and assistance on HR-related matters to residents, prospective applicants, other municipalities and government agencies.

Budget by Program

Time and money are divided among Benefits Administration services including health, dental and life insurance and flexible spending and deferred compensation plans, labor relations and negotiations, pay and classification plan matters, and general assistance to employees, agencies and the general public.

Program	FTEs	FTE %	Budget \$	Budget %
Benefits Administration	0.39	13.4%	36,473	12.4%
Employee/Labor Relations	0.54	18.5%	59,406	20.3%
Pay and Classification	0.63	21.6%	61,095	20.9%
Recruitment & Retention	0.78	26.7%	80,993	27.7%
Other	0.58	19.9%	54,817	18.7%
TOTAL	2.92	100.0%	292,784	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Professional Services	\$10,000	\$3,500	185.7%	To cover background checks for new Fire Department employees no longer provided by Police Department state and federal resources due to changes in law.

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

The addition of the position of HR Generalist to the Department has made a very positive difference to the services offered and what can be accomplished. New projects under the new HR Director have included improvement of the HR portion of the Town web site, significant efforts to increase training opportunities either for free or with outside resources, collaboration with School, Finance and IT Departments to accommodate reporting requirements under the Affordable Care Act, restarting the Town Safety Committee with Town departments and the School Department to collaborate on training needs, workers compensation issues and grant opportunities, and hosting a regional two-day OSHA training. Ongoing projects will include working with the IT Department to increase efficiency and move to a "paperless" office and negotiating with all eight Town unions with contracts set to expire on June 30, 2017.

Information Technology

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$874,071	\$-30,353	-3.36%	5.00

Department Mission / Description of Services

Mission: Provide the technology infrastructure for the town government.

Services: (a) Maintain core network infrastructure (including backup and security); (b) provide essential enterprise software systems; (c) provide coordinated support for GIS data and software; (d) provide and maintain desktop and field hardware and software equipment, applications and support; and (e) provide user training.

Budget by Program

Personnel expenses account for 48% of the budget, with the remainder spent on software licensing and support, computer equipment, and other non-salaried cost of services. ERP system (MUNIS) accounts for the largest share of staff time and technology training the least amount.

Program	FTEs	FTE %	Budget \$	Budget %
Desktop Services	1.05	21.0%	116,251	13.3%
ERP System Admin	1.60	32.0%	177,436	20.3%
GIS/DB Admin	1.00	20.0%	34,089	3.9%
File Server/Communications	1.00	20.0%	518,325	59.3%
Technology Training	0.35	7.0%	27,970	3.2%
TOTAL	5.00	100.0%	874,071	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Health Insurance	\$65,140	\$71,150	-8.4%	Employee changed health insurance choices
Professional Services	\$30,000	\$35,774	-16.1%	Hired desktop support position, so no longer need temp
Software Licenses	\$162,866	\$255,000	-36.1%	Fewer large software upgrades
Network Support	\$93,725	\$60,000	56.2%	This FY16 line item omitted license for backup and recovery; now included
Hardware Supplies	\$32,000	\$5,500	481.8%	Delayed hardware purchase from FY16 to FY17

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

The IT department expects to complete the conversion to virtual servers in FY16 (except for applications that require dedicated hardware server). In FY17, they will continue migrating to cloud-based software for cost savings and efficient utilization of staff. In FY16, they completed the cloud-based GIS system and MS Office email; in FY17, they will move to MS Office 365.

Data back up and cybersecurity continue to be a major focus. Servers are backed up locally every 15 minutes, and then offsite 4 times/day. Government networks are continually attacked through social engineering, viruses, malware and direct hacking. Effective security protection is in place for email, servers, desktops, and mobile devices. The department conducts penetration testing for all new software, and they are currently enhancing employee training to prevent social engineering risks.

Town Accountant

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$407,570	\$-633	-0.16%	3.70

Department Mission / Description of Services

Mission: To perform accounting, auditing, procurement, and budgeting/reporting functions.

Services: Prepare Town financial statements, maintain general ledger, prepare required filings to MA Department of Revenue, and assist with recapitulation for tax rate certification. Auditing — work with external auditors, review internal procedures and perform fraud risk assessments, assist with Town compliance with Personal Information Protection Program Contracts/Accounts Payable, maintain custody of all contracts, prepare and approve all warrants for payments in accordance with Massachusetts General Laws. Budgets — provide financial information to all town departments, assist in preparation of department budgets and monitoring revenues and expenditures.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Accounting	1.00	27.0%	110,381	27.1%
Auditing	0.80	21.6%	82,786	20.3%
Budgeting/Reporting	0.60	16.2%	66,229	16.2%
Accounts Payable & Purchasing	1.20	32.4%	126,939	31.1%
OPEB & New Utility Billing Software System & Other	0.10	2.7%	21,235	5.2%
TOTAL	3.70	100.0%	407,570	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Health Insurance	\$28,305	\$44,590	-36.5%	Retirement

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

The staff is cross-functionally trained and is operating well.

Recommendations**Recap of Prior Year Recommendations**

Recommendation	Status
Timely information distribution	Continued progress
Use of technology	MUNIS fully implemented
Use part-time non-benefited workers whenever possible	Staffing has been rationalized

FY 2017 Recommendations

Recommendation	Rationale
Continue with the prior recommendations	See above

Town Treasurer

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$681,379	\$33,771	5.21%	7.25

Department Mission / Description of Services

Mission: To manage all cash collections, borrowings, investing and disbursements for the Town.

Services: The Treasurer's Department manages all cash collections, borrowings, investing and disbursements, insuring the safety of all funds and adequate liquidity to pay obligations as due. In addition, the Treasurer is responsible for other financial functions including the administration of payrolls, deferred compensation plans, management of real estate and other tax collections, preparation of quarterly reports for the IRS, liaison with debt rating agencies, and serving as the Parking Clerk.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Treasury Management	3.40	46.9%	300,018	44.0%
Collections	3.25	44.8%	287,251	42.2%
Parking	0.60	8.3%	94,110	13.8%
TOTAL	7.25	100.0%	681,379	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Health Insurance	\$66,885	\$50,600	32.2%	Employee changed health insurance choices

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

None.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Town parking lot spaces priced below market	Rates increased in FY16
Use of technology	Continued growth of online tax payments
All billings and collections for water, sewer and light should be centralized in the Treasurer's Department	Water billing will be consolidated with billing system for Belmont Light
Expand Payment in Lieu of Taxes program (PILOT)	See Assessors
Encourage more use of paperless billing	Continued growth in resident use of online payment systems
Use part-time non-benefited workers whenever possible	Staffing has been rationalized

FY 2017 Recommendations

Recommendation	Rationale
Continue with the prior recommendations	See above

Assessors' Office

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$388,145	\$-25,763	-6.22%	3.40

Department Mission / Description of Services

Mission: To list and value all real and personal property for purposes of taxation by the Town.

Services: The Assessor's office is responsible for listing and valuing all real estate and personal property in Belmont. It is also charged with the administration of tax exemptions, excise and real estate and personal property abatements as well as inspections and changes in value due to structural additions and modifications. It operates under the oversight and direction of an elected Board of Assessors.

Budget by Program

FY 2017 follows the triennial year for reassessments for the Town of Belmont. With the certification by the Commonwealth complete, the Assessor's Department will have fewer expenses this year than was experienced in FY 2016.

Program	FTEs	FTE %	Budget \$	Budget %
List & Value	1.10	32.4%	125,759	32.4%
New Growth	1.00	29.4%	114,115	29.4%
Abatements & Exemptions	0.85	25.0%	97,036	25.0%
Excise Taxation	0.45	13.2%	51,235	13.2%
TOTAL	3.40	100.0%	388,145	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Health Insurance	\$16,285	\$32,570	-50.0%	Employee changed health insurance choices
Revaluation	\$90,000	\$111,500	-19.3%	Triennial certification was completed in FY16

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

Last FY experienced personnel turnover at the Assessment Technician position. It is hoped this year will bring a new employee that will be trained and will complete the staffing level needed for the department.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Focus new PILOT opportunities on new acquisitions by non-profits	PILOT discussions have not yielded new payments
Seek to further automate motor vehicle excise tax abatement process	For convenience and cost savings, the department is encouraging tax payers to file their request for a vehicle excise tax abatement online.

Human Services

Article 10 H: That under Human Services, \$3,182,797 be raised and appropriated.

The Human Services departments are Council on Aging, Health Department, and Library.

Council on Aging

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$410,420	\$11,548	2.90%	5.91

Department Mission / Description of Services

Mission: Provide services to enrich the ability of seniors to live safe, independent, meaningful and healthy lives. There are approximately 5,000 Belmont residents over the age of 60 which is approximately one-fifth of the population.

Services: Transportation; social services for seniors and their families; on-site and home-delivered meals through Springwell, a funded non-profit; fitness activities and health education; recreation, education and arts programs for socialization; volunteer service opportunities; and, senior trips. Also manages the Beech Street Center rental program. The number of different users of services and programs increased from the previous year to a total of 2,011.

Budget by Program

Transportation accounts for the largest percentage of FTEs (34.3%) and highest percentage of budget dollars (33.3%). FTEs for volunteers or grant-funded programs are not included.

Program	FTEs	FTE %	Budget \$	Budget %
Transportation	2.03	34.3%	136,765	33.3%
Social Services	1.25	21.2%	85,860	20.9%
Nutrition	0.12	2.0%	10,038	2.4%
Health & Wellness	0.98	16.6%	96,663	23.6%
Socialization, Adult Ed & Arts	0.42	7.1%	51,544	12.6%
Volunteer Services	0.10	1.7%	15,769	3.8%
Senior Trips	0.94	15.9%	6,970	1.7%
After Hours Facility Coordination & Rentals	0.07	1.2%	6,811	1.7%
TOTAL	5.91	100.0%	410,420	100.0%

Expense Analysis

The \$11,548 increase in the budget is driven primarily by a \$2,500 allocation for social service professional coverage during the summer months, as well as staff salary increases and budget adjustments for gas and other incidentals. Transportation is again approximately 1/3rd of the budget and amounts to a cost of \$16.76 per ride. Transportation for the seniors is critical to many if they are to remain independent. To employ a means testing would disqualify as COA for transportation grants. Transportation expenses are supported to a small degree by State and private grants. Most of the Health and Wellness budget line items are largely self-supporting by revolving funds.

Requested Adds (not included in the budget above)

Request	Explanation
Additional funding for additional staff to work in coordination with the Board of Health, fire, police and community development departments to inspect and monitor unsafe elderly housing conditions such as hoarding, code violations, etc.	Although the COA is currently active with these other departments, the problem of unsafe or unhealthy living accommodations for the elderly is an increasing problem that needs more resources to effectively monitor

Special Analysis and Observations

Data Collection : COA data collection continues to be improved and statistics breaking out the types of rides and statistics showing the different users of the Beech Street Center programs is now available.

Beech Street Center Rentals : For the last full year, Beech Street gross rentals were \$14,297 net of custodial fees that the user pays. Of the total of \$6,811 budgeted relating to the Beech Street Center, approximately one-half of that cost is connected with the supervision of the rental program. Therefore, the Beech Street Center rentals now represents a profit center of approximately \$11,000.

Overall Funding : The Council on Aging is remarkably successful in leveraging their relatively small budget of slightly over \$400,000 to provide a wide spectrum of services to the seniors. For the last year, the COA received grants totaling \$50,465, contributions of approximately \$6,000, fees and donations in their revolving accounts for the several programs they sponsor totaling \$118,575, as well as the benefits of the Federally-funded Springwell Nutrition program valued at approximately \$108,000. This nutrition program provided approximately 11,900 on-site luncheons last year to 570 different seniors, as well as an additional 9,000 meals served to approximately 100 different home-bound seniors. In addition, the Council has received the benefit of organized volunteer services to assist seniors totaling approximately 13,600 hours.

Intra Dept. Cooperation : As referenced above, the COA coordinates with the Police, Fire, Board of Health and Community Development departments providing services to the elderly. In addition, they have a close working relationship with the Recreation Department, including sharing their transportation capabilities and are coordinating with the Recreation Department the use of the Beech Street Center.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Continue to track usage by different users particularly in the area of transportation including, if possible, breaking down the nature of trips, i.e., medical, shopping, other	Progress has been made breaking down the nature of the trips between medical, shopping, transportation to the Center, etc.

FY 2017 Recommendations

Recommendation	Rationale
Now that statistics are available for the nature of the trips, as well as determination that the cost per trip is \$16.76, a study should be made to see if it is economical to outsource to such as Uber or taxi services some of the transportation needs of the seniors.	Transportation continues to represent one-third of the COA budget. The technological changes now supporting private services such as Uber present a possible opportunity to outsource transportation services at a cost saving.

Health Department

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$579,793	\$12,873	2.27%	4.90

Department Mission / Description of Services

Mission: Enforcement of state and local health and environmental regulations, disease prevention, and health promotion activities to maximize health of residents.

Services: (a) enforce state and local regulations related to the control and care of animals; (b) enforce the mandated state sanitary codes, including inspections and complaints; (c) provide social services to veterans, youth and families (seniors are served through the Council on Aging); and (d) investigate and monitor disease outbreaks, conduct flue vaccination clinics, provide health education, and participate in public health emergency preparation.

Budget by Program

Program categories were restructured this year to better communicate the activities of the department. The largest share of time and budget is devoted to environmental health (inspections and complaints). Disease control is performed by a nurse shared through a collaboration with the town of Lexington (through a contract, not a Belmont employee).

Program	FTEs	FTE %	Budget \$	Budget %
Animal Care & Control	1.00	20.4%	67,554	11.7%
Environmental Health	2.00	40.8%	226,526	39.1%
Youth & Family/Veterans	0.90	18.4%	159,511	27.5%
Disease Control	0.00	0.0%	41,490	7.2%
Administration	1.00	20.4%	83,212	14.4%
Other	0.00	0.0%	1,500	0.3%
TOTAL	4.90	100.0%	579,793	100.0%

Expense Analysis

Line Item	FY2017	Prior Year	% Change	Explanation
Professional Services	\$0	\$53,201	-100.0%	Moved to new account lines (and moved household hazardous waste collection to DPW)
Public Health Nurse Services	\$34,090	\$0	-	New account line - previously included in professional services
Food Establishment Inspections	\$10,000	\$0	-	New account line - previously included in professional services (plus budget capacity reallocated from Vet Serv Recipient)
Flu Vaccine Purchases	\$5,000	\$0	-	Make up for state cuts to flu vaccine
Part Time Salaries	\$25,150	\$19,056	32.0%	Additional VSO hours to better comply with federal requirements
Vet Serv Recipient & Other Misc.	\$87,100	\$94,100	-7.4%	Reduced to match actual spending trends

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

The Health Department participates in numerous collaborations providing grants and programming, including mosquito control, tobacco prevention, substance abuse, emergency preparedness, and stress management. Additionally, through regionalization, we share a nurse with Lexington and a weights and measurements person with Arlington.

New veterans service officer has improved outreach to veterans, services, and programming. Additional hours and dedicated VSO put the town in better compliance with federal requirements.

New health initiatives (including hoarding and the opioid epidemic) made possible by contracting out routine inspection services.

Last year, Ebola preparedness was a big focus. Now keeping on eye on Zika virus. Flu clinics good preparation for emergency service delivery.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Explore the targeted use of inspection outsourcing (used by other towns, and show to be effective during FY2015 staffing shortage)	Implemented by shifting unused budget capacity from a different line item, which has made time for strategic health initiatives.

FY 2017 Recommendations

Recommendation	Rationale
Explore joint communication of public health programming with other departments and community organizations	Could help residents become more aware of the breadth of available programming and expand utilization

Library

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$2,192,584	\$65,118	3.06%	24.51

Department Mission / Description of Services

Mission: Serve as a resource for equal and open access to information, ideas and technology to enrich the lives of all; provide services that address the diverse needs and interests of the citizens of Belmont; promote and support a strong sense of community.

Services: Curate resource collections; facilitate circulation of resources; provide reference and research support; sponsor programs; maintain public community spaces and meeting rooms; support life-long learning, including technology training; and, participate in larger networks such as the Minuteman Library Network.

Budget by Program

The library provides services in five primary program areas: Circulation Services; Adult/Reference Services; Young Adult Services; Children’s Services; and Technical/Processing Services.

The budget calls for an increase below the town average. There are no significant changes in the allocation across program areas.

The FY 2017 allocations are provided below. Public Services include the first four program areas noted above. When combined with Technical/Processing services, programming accounts for 86% of the FTEs and 77% of the total budget.

Program	FTEs	FTE %	Budget \$	Budget %
Public Services	17.81	72.6%	1,383,559	63.2%
Technical / Processing Services	3.40	13.9%	303,298	13.8%
Plant Operations	1.30	5.3%	307,875	14.0%
Administration	2.00	8.2%	197,852	9.0%
TOTAL	24.51	100.0%	2,192,584	100.0%

Expense Analysis

The budget for the Children’s Department is increased by \$28,278 to support the addition of a 15 hour (.43 FTE) Librarian and an 8 hour (.23 FTE) Library Assistant. With this allocation, the Children’s Department will be open until 8 pm, Monday through Wednesdays, and there will also be additional support for school visits and curriculum development.

Utilities — comprised of Natural Gas, Water, and Electricity — increased by 5%, although less than \$5,000, based on rates provided by the town.

The library also plans to re-allocate \$1,076 in savings from removing the Library pay phone to increase professional training for staff, and is re-allocating \$4,345 in expiring ESCO Lease Payments towards energy conservation measures.

There were no line items that decreased by more than 5% and more than \$5,000.

Special Analysis and Observations

None.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Further develop planning efforts to address the maintenance and capital investment infrastructure.	Long-term planning has been completed and a feasibility study for the building is underway. The Long Range Planning Committee completed a 5 year long range plan in 2015, after which the Board of Trustees appointed a Feasibility Committee. The Library kicked off its Feasibility Study in early 2016 and appointed a subcommittee for the creation of an RFQ for architectural services, to consider a variety of options including improvements to the existing structure. The proposals are due in May with interviews to be conducted in June.
Ongoing attention to the use of benefited part-time positions	Over the last few years, the Library has reduced the number of part time staff members from three eligible employees to two eligible employees; only one of who is currently accepting benefits.
Develop additional management information and long-term plans for Digital Expansion	The Library continues to track a variety of metrics for use of digital services and will continue this effort in FY17.

FY 2017 Recommendations

Recommendation	Rationale
Continue to implement planning efforts to address the maintenance and capital investment infrastructure.	The Warrant Committee recommends that the Library continue to engage in a productive dialogue in the town as the Feasibility Study is implemented. This could include engagement with the committee for the new high school, to explore whether there is any potential for coordination or sharing of resources, with the understanding that there are fundamental differences in these two capital related efforts.
Ongoing attention to the use of benefited part-time positions	The Warrant Committee continues to encourage town departments to recognize the total cost of employment, including benefits, and to consider benefit costs when making staffing decisions; particularly given the availability of subsidized, high quality health care under the Affordable Care Act and through the state's Health Connector.
Develop additional management information both to measure the continued increase in demand for Library Services that accounts for Digital Expansion, as well as support the need for targeted programming in response to specific areas of growing demand.	As digital expansion continues, management information to evaluate the demand and use of services can help town officials understand the ongoing importance of Library service and programming. The budget presentation includes a number of useful metrics to support these types of analyses and the Warrant Committee encourages Library staff to continue developing, monitoring, and explaining management information that will help to support the Library's current and proposed service levels.

Public Safety

*Article 10 D: That under Public Safety, **\$13,334,736** be raised and appropriated.*

The Public Safety departments are the Police Department and the Fire Department. In addition to these two departments, the Public Safety appropriation includes \$24,341 for the Belmont Emergency Management Agency (BEMA), a mandated function responsible for planning, training, compliance and mitigation in relation to disaster planning and Homeland Security.

Police Department

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$7,218,830	\$240,495	3.45%	112.00

Department Mission / Description of Services

Mission: The Police Department's primary responsibility is to protect and serve the Town residents.

Services: There are five primary services: 1) Police Patrol Services; 2) Traffic Management; 3) Detectives and Investigations; 4) Community Services; and, 5) Public Safety Communications.

Budget by Program

The FY17 Police Department budget calls for a 3.5% increase over FY16, following several years of flat budgets. Nearly 60% of the budget is allocated to Patrol Services, which provides 24/7 coverage of the Town. The next largest expense is Communications (13%), which handles emergency calls for both the Police and Fire Departments. Administration expenses, including records, account for 8.4%.

Program	FTEs	FTE %	Budget \$	Budget %
Patrol Services	35.00	40.7%	4,223,641	58.5%
Traffic Management	27.00	31.4%	597,802	8.3%
Detectives & Investigations	5.00	5.8%	460,175	6.4%
Community Services	4.00	4.7%	374,334	5.2%
Joint Public (911)	10.00	11.6%	957,442	13.3%
Administration	3.00	3.5%	511,792	7.1%
Records	2.00	2.3%	93,644	1.3%
TOTAL	86.00	100.0%	7,218,830	100.0%

Note: The department also employs 26 volunteer and per diem staff, for a total of 112 FTEs.

Expense Analysis

Line Item	FY2017	Prior Year	% Change	Explanation
Furniture Expense	\$5,000	\$0	-	To begin the replacement of the Department's second hand furniture, which has been in place for 15 years
Computer Equipment Replacement	\$25,000	\$0	-	Replacement of network server (one-time expenditure)
Overtime	\$344,500	\$325,000	6.0%	Budgeting closer to actual; medical leave
Holiday Differential	\$111,550	\$105,395	5.8%	Reflects a swap of two officers between detectives and patrol, which is offset by decreases in corresponding accounts
Health Insurance	\$389,290	\$356,720	9.1%	Reflects a swap of two officers between detectives and patrol, which is offset by decreases in corresponding accounts
Education Incentive	\$42,500	\$24,000	77.1%	Education incentive pay to be earned by four patrol officers in the coming year
Prof Services-Emp Train Seminar	\$37,600	\$27,600	36.2%	Additional training to address topical issues such as use of force and training on the violation of civil rights
Firearms Training & Ammunition	\$25,000	\$0	-	Additional firearms training
Equipment Replacement	\$165,000	\$150,300	9.8%	There is an increase in the purchase price of patrol cars, which are budgeted to be replaced at a rate of one every 3 years
Part Time Salaries	\$257,470	\$230,177	11.9%	Includes a new part time parking control officer (\$27,293) to expand coverage; this position is expected generate revenue to offset a portion of the increase, but is primarily in response to demand from businesses and surrounding neighborhoods to enhance parking space turnover
Full Time Salaries	\$317,403	\$397,617	-20.2%	Reflects a swap of two officers
Health Insurance	\$54,865	\$65,140	-15.8%	Reflects a swap of two officers
Education Incentive	\$8,000	\$0	-	Education incentive pay to be earned by one detective in the coming year

Total personnel expenses are budgeted to increase 2.3%, within the Prop 2 $\frac{1}{2}$ cap.

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

General : Community policing is an increasingly complex engagement, influenced by the rise in opioid usage, widespread mental health issues and the perception of policing driven by incidents occurring elsewhere. The Belmont Police Department's proactive engagement in these issues and community based outreach is an asset of the town to be lauded.

Communications Division : The Department recently completed the renovation of the 911 communications space and upgraded its equipment to meet the mandated emergency medical dispatch protocols and quality control. The new enhanced system, funded primarily with a state grant, was supplemented by town funds approved in FY15 to provide new radios for the police and fire departments. Belmont's public safety dispatch received approximately 21,111 calls in FY15, including 1,029 emergency medical calls.

Technology and Data Management : During FY16, the Department was able to utilize an existing employee to assist in advancing the Department's use of technology and data management, resulting in significant time savings for the Department. Further development of customized management tools can provide additional efficiencies, more targeted deployment of assets, and support for achieving departmental goals.

Staffing : In addition to 48 sworn police officers, the Department oversees 38 additional communications, traffic safety, community service and administrative personnel, as well as 26 volunteers for a total of 112 departmental employees. The addition of a School Resource Officer, added in FY16, is considered a valuable and highly effective resource for the Town.

The consistent presence of multiple vacancies (three to five per year), many of which are unanticipated, suggests that the Department consider increasing the number of academy recruits in order to maintain more consistent staffing. Replacement officers require a lead of at least six months to hire and complete Academy training, resulting in longer vacancies and higher use of overtime.

Regionalization : The Police Department works closely with the surrounding towns and other relevant authorities through established groups around the issues of domestic violence, mental health, senior care and drug use. In the upcoming year, Chief McLaughlin will serve as the President of NEMLAC, a regional council that formalizes the provision of resources for emergencies requiring additional or specialized assets.

Future Development : In anticipation of future development at the Uplands and Cushing Square, an analysis of peer community police department metrics was performed by the Subcommittee and shared with Department administrators. This shows that the number of Belmont sworn officers is above towns with similar number of calls for service, crime levels and arrests. This is one indicator that suggests that Belmont may be able to absorb new development without adding FTEs. More complete analysis is required in order to evaluate the full impact of these developments on

departmental resources.

Physical Plant : As recognized by the Capital Budget Committee, the Department's building does not meet the needs of a 21st century police department. As an example, the department spends over one hour editing video from six cameras to meet the booking requirements of the court. During a week with multiple arrests, this can result in significant inefficiencies.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Deploy resources to a data analyst or business intelligence consultant	The Department utilized internal resources to enhance its use of technology

FY 2017 Recommendations

Recommendation	Rationale
Consider outsourcing the customization of data reports to a software consultant familiar with QED and public safety	Advances made in the past year underscore the value of utilizing the technology and data available to the Department. With the departure of the in house resource, the use of an external resource is recommended.
Evaluate staffing models and "best practices" of comparable towns	In-depth analysis of peer community police departments can provide ideas, efficiencies and support for departmental goals.

Fire Department

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$6,091,565	\$263,424	4.52%	55.49

Department Mission / Description of Services

Mission: The Fire Department's primary responsibility is providing emergency response to Town residents.

Services: The Fire Department is divided in to the following functions: 1) fire suppression, which is acts to extinguish and prevent the spread of fires, including responding to calls where a fire is likely; 2) fire prevention; 3) providing rescue services to the Town; 4) service calls and 5) fire department administration.

Budget by Program

Although the Fire Department is divided into five functions, the need to staff Fire Suppression 24/7 drives 84% of the FY17 budget and all of the non-administrative FTEs. These expenditures also cover ambulance, emergency and service calls, minor maintenance, and other tasks performed by the Fire Suppression personnel when not on fire calls. The Department recorded 2,868 incidents in calendar year 2015, of which 88 were fires and 1,296 were medical. The EMS portion of the budget includes supply and other non-personnel costs for ALS/BLS services.

After several flat budget years, the Department's FY17 budget increases 4.5% over FY16.

Program	FTEs	FTE %	Budget \$	Budget %
Fire Administration	5.49	9.9%	779,414	12.8%
Fire Suppression	50.00	90.1%	5,114,851	84.0%
Rescue Services	0.00	0.0%	197,300	3.2%
TOTAL	55.49	100.0%	6,091,565	100.0%

Expense Analysis

Line Item	FY2017	Prior Year	% Change	Explanation
Longevity	\$10,491	\$3,346	213.6%	Increase in participants
Health Insurance	\$54,865	\$38,580	42.2%	Different subscribers mix
Software Licenses	\$19,900	\$0	-	Annual licensing fee for the new Fire Records Management system
Equipment Replacement	\$76,475	\$0	-	A one-time expenditure for equipment related to the purchase of new Fire Records Management system
Professional Services	\$7,300	\$0	-	Annual testing of the turnout gear
Prof Services-Medical Bills	\$32,000	\$27,000	18.5%	Increase in physical exams due to anticipated turnover
Turn Out Gear Replacement	\$25,000	\$0	-	See discussion below
Equipment Replacement	\$25,000	\$18,000	38.9%	Adding mandated EMS IV pumps

Total personnel expenses are budgeted to increase 2.1% in FY17, within the Prop 2 $\frac{1}{2}$ cap.

Requested Adds (not included in the budget above)

Request	Explanation
<p>ALS Coordinator: The Department has requested a full time ALS coordinator to oversee and expand ALS service.</p>	<p>Since FY14, the Advanced Life Support (ALS) level of ambulance service instituted by the Department in FY14 has resulted in an enhanced service to residents, without adding additional FTEs. After initial significant increases in revenues in FY14 and FY15, revenues in FY16 are budgeted to decrease by 8% in FY16 due to a loss of back up business from Watertown, and increase minimally in FY17. The Department handled 963 ambulance transports in calendar year 2015, 563 of which were ALS (58%).</p> <p>For FY17, budgeted line item expenses specific to ALS total almost \$150,000, not including base salaries and benefits, billing expenses, gas and maintenance or allocated expenses. ALS stipends have increased by 13% in the last two years, while ALS transports and ambulance revenues have been flat. Further analysis of the incremental cost/benefit associated the addition of an ALS coordinator are necessary to support this request.</p>
<p>Technology and Data Management: The Department is requesting a $\frac{1}{2}$ FTE data analyst position and dedicated public safety information IT support of 10-20 hours per week.</p>	<p>In FY17, the Department will expend almost \$100,000 to replace its 15 year old record management system and related equipment with a new public safety package, which is expected to result in more immediate, accurate, complete and paperless information through the use of on-site hardware and user friendly interfaces. The new system provides an opportunity to create efficiencies and effective management tools through customized data reports and compatibility with other systems. Given the specialization of the system, rapid changes in software and the front-loaded initial needs, it is recommended that the Department outsource the customization to software consultants familiar with the system and with public safety data management. Using a system specific consultant should prove more cost effective than an in house hire or IT generalist.</p>

Special Analysis and Observations

Strategic Planning Process : In anticipation of administrative turnover, the Department has proactively created a strategic planning committee, consisting of a broad cross-section of the Department, to review and formalize policies and procedures. This effort is a critical step in managing transition in the face of the loss of institutional knowledge as senior administrators retire.

Turnout Gear : The Department has budgeted \$50,000 (\$25,000 out of the capital budget and \$25,000 from the General Fund) to replace 20 sets of turnout gear (originally purchased through a grant) and \$7,300 for turnout gear testing and cleaning. New guidelines recommend two sets of gear per firefighter so that gear can be cleaned of contaminants after each use. Hereafter, the Department expects to budget \$25,000 per year (10 sets), with the goal of replacing two sets of gear per firefighter every 10 years. An additional \$7,300 per annum has been added to the budget for testing equipment each year to ensure safety and prolong use.

Staffing : The Department FTE count is driven by the need to staff 24/7 the required number of personnel to man resident equipment for a potential fire emergency. Belmont staffs 13 per shift, with a minimum of 11 for two engine pumps and one ladder truck. The personnel also respond to EMS calls, conduct service calls and perform in service inspections and routine maintenance. The NFPA recommends 17 per shift; however, an analysis of comparable towns shows that surrounding communities and communities similar to Belmont also do not adhere to this guideline.

To the extent that there are vacancies, injuries or other absences, the Department uses overtime to ensure necessary equipment coverage. The Department works hard to anticipate staffing changes and manage overtime; however, hiring and training a firefighter takes at least one year, often resulting in a lag between the onset of a vacancy and replacement. A SAFER grant, received in FY15 to fund the hiring and training of two firefighters, temporarily increased the departmental FTEs in anticipation of turnover; these firefighters will be able to be absorbed into the budget when the grant runs out in FY17 and expected retirements occur.

Administrative Turnover : As has been noted in the past several years, the Fire Department anticipates the retirement of senior administrators in the next 12-18 months, including the Chief and Assistant Chief. This will be a significant loss of institutional knowledge and leadership and the administration has been proactively working to ensure a smooth transition.

This critical juncture in the Department's history begs a review of "best practices" around management structure, responsibilities, tasks and duties, given the changes in technology and firefighting that have occurred in the past several decades.

As an example, we note that only one other comparable town has a Deputy/Assistant Chief position. This community, Wellesley, has a significantly higher daytime population than Belmont as well as several college student populations, resulting in 25-30% higher emergency responses and medical assists. Understanding how peer communities operate may provide opportunities for improved efficiencies in Belmont.

Future Development : In anticipation of new development at the Uplands and in Cushing Square, an analysis of comparable towns' fire departments was performed by the Subcommittee and shared with Fire Department administrators. This shows that Belmont's Fire Department FTEs are above the average for towns with similar numbers of emergency responses and medical assists. This initial analysis is one indicator that suggests increased activity from new development can be absorbed without increases in FTEs. More complete analysis is required to evaluate the full impact of these two projects on Departmental resources.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Evaluate and address succession of leadership	The Department instituted an internal Strategic Planning Committee to review and formalize policies and procedures.
Evaluate staffing models and "best practices" of comparable towns	The Department has reviewed data collected by the Public Safety Subcommittee regarding staffing models for comparable towns.

FY 2017 Recommendations

Recommendation	Rationale
Expand strategic planning process to include non-departmental stakeholders and resources	The inclusion of non-departmental resources ensures that the goals and priorities of the Department are coordinated with town wide strategic efforts.
Consider outsourcing the development and customization of data management tools	An IT consultant from the new systems provider or an outside consultant who works with public safety data management may be a more cost efficient and knowledgeable source than an in-house hire given the unique server and specialized needs of the Department and rapid changes in technology.
Evaluate tasks performed by senior administrators to determine opportunities for restructuring or consolidating non-core duties	Changes in technology and firefighting have impacted the day to day administration and management of public safety. The near-term turnover in FD administration provides an opportunity to restructure duties and provide opportunities for mid-level team members.
Analyze the impact of adding an ALS coordinator	Information to support the Department's request to add an ALS coordinator requires a detailed analysis of historical BLS/ALS revenues and expenses, projected revenue and all in expenses expected to be generated with the addition, and information on positions in comparable towns.

As noted in the Public Safety introduction on page 25, the Public Safety appropriation also includes \$24,341 for the Belmont Emergency Management Agency (BEMA).

Public Services

Article 10 G: That under Public Services, **\$13,093,626** be raised and appropriated.

Public Services includes the Departments of Public Works (which includes the Recreation Department), Community Development, and Facilities. These departments are discussed separately below.

Public Works

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$7,714,817	\$357,068	4.85%	65.70

Note: Above \$ figures exclude water and sewer enterprise accounts, however, said figures are shown below in this report

Department Mission / Description of Services

Mission and Services: The Department of Public Works (DPW) provides a wide variety of key Town services including street and sidewalk maintenance, snow removal, vehicle fleet maintenance, forestry, grounds and delta maintenance, solid waste collection and disposal, street lighting, parks and playing fields maintenance, cemetery maintenance, water and sewer maintenance and construction. In 2013 the Recreation Department was consolidated into Public Works.

Recreation provides Belmont residents with healthy, enjoyable and affordable activities regardless of age, gender or physical ability. Offerings include Summer Underwood and Higginbottom Pool Programs, Summer Sports and Activity Programs, School Year Programs, Skating Rink Programs, Spring Programs and Special Needs Programming.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Administration	3.00	4.6%	334,541	1.4%
Street Maintenance	5.00	7.6%	719,543	3.0%
Snow Removal	0.00	0.0%	733,135	3.1%
Central Fleet Maintenance	4.00	6.1%	590,205	2.5%
Forestry	1.00	1.5%	288,711	1.2%
Delta & Grounds	1.00	1.5%	75,522	0.3%
Solid Waste Collection & Disposal	1.50	2.3%	2,610,016	11.2%
Street Lighting	0.00	0.0%	348,495	1.5%
Cemetery Maintenance	5.70	8.7%	502,791	2.1%
Parks & Facilities Maintenance	5.30	8.0%	612,776	2.9%
Recreation	14.80	22.5%	899,082	3.8%
General Fund Subtotal	41.30	62.9%	\$7,714,817	32.6%

Program	FTEs	FTE %	Budget \$	Budget %
Water Administration	2.00	3.0%	692,368	2.9%
Water Distribution	10.40	15.9%	6,115,550	25.8%
Sewer Maintenance	8.00	12.2%	8,699,458	36.7%
Stormwater Maintenance	4.00	6.1%	475,629	2.0%
Enterprise Subtotal	24.40	37.1%	\$15,983,005	67.46%
DEPARTMENT TOTAL	65.70	100.0%	\$23,697,822	100.0%

Expense Analysis

The following budget line items changed by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Public Works Supplies	\$388,430	\$337,180	15.2%	Road salt price increase
Street Lighting	\$348,495	\$331,900	5.0%	Increased utility costs
Part Time Salaries	\$32,004	\$26,413	21.2%	Contract increase
Trash Contract Collec- tion	\$1,156,578	\$1,074,145	7.7%	Contract increase under new 2 year bridge contract, plan RFP for new trash contract
Recycling	\$404,664	\$376,285	7.5%	Conduct audit of trash and recycling, recycling coordinator, state recycling drop-off center
Leaf and Yard Waste	\$341,856	\$317,532	7.7%	Contract increase
Hazardous Waste	\$12,000	\$0	-	Taking over hazmats from Health Dept.
Health Insurance	\$65,140	\$38,580	68.8%	Change in two insureds' status to family plans
Part Time Salaries Camps Programs	\$125,185	\$118,665	5.5%	Minimum wage increase, life guards for new pool

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

The department is constrained to work within the available revenue budget. However, an available revenue budget does not allow for additional investment to maintain Town infrastructure.

The Summer of 2016 will be the first full-year operation of the new Underwood Pool, and costs and revenues are estimated for FY17.

As we have noted in the past, the Skip Vigliolo Skating Rink is past its useful life. The deteriorating condition of the DPW yard facilities also needs to be addressed. These assets may fail with little warning.

A two year bridge contract for solid waste disposal was entered into in 2016 due to high solid waste disposal prices, and low demand for purchasing recyclables, in the open market. This will allow the marketplace to stabilize, hopefully, when a new contract is put out for bid in two years, as well as to allow sufficient time for the Town to receive information and comment from the public as part of the process.

A new Recreation Director position is being planned, but the cost for same is not in the FY17 budget.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Increase recycling percentage.	Recycling coordinator will explore further education/outreach, and a recycling and hazardous waste drop-off site will be created. Belmont saves approximately \$65 for each ton diverted from regular trash to recycling stream.
Resolve disposition of incinerator site.	Funds have been set aside for this purpose. The post-closure use of the site must be chosen and implemented once the purchase price for the site has been determined by the state, which should be in 2016.
Continue to evaluate Recreation operating as a self-supporting entity.	Expanded programming can generate revenues to cover operating expenses, maintenance, and capital costs. Programs are being expanded, the Underwood Pool schedule is being changed. A Recreation Strategic Plan is in process and expected to be completed in 2016.
Develop new programming across all age groups for new Underwood Pool. Identify new revenue sources.	Additional pool and expanded usage present an opportunity to increase revenues to cover Recreation costs. This is being implemented.
Collaborate with the School Dept. regarding operating Higginbottom and Underwood Pools under an Aquatics Director.	Maximizing the use of both indoor and outdoor pools through additional programming and rentals could justify hiring an experienced aquatics director and teacher. This issue is being explored.
Develop relationships with other, self-supporting Recreation Departments.	Increases efficiency and identifies additional successful programming. This issue has been discussed and identified in the ongoing Recreation Strategic Plan.
Expand programming to utilize available space/facilities.	Programming for preschool and adults and other groups can generate revenues during the daytime hours. This is part of the ongoing Recreation Strategic Plan work.

FY 2017 Recommendations

Recommendation	Rationale
Check quality of sidewalks and other concrete work in the Town.	There have been instances of poor quality concrete in various locations.

Community Development

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$1,055,293	\$90,000	9.32%	9.97

Department Mission / Description of Services

Mission and Services: There are four departments:

- **Administration** – administers and monitors requests for proposals, grants, contracts, and reimbursements.
- **Inspection Services** – issues building permits and conducts building inspections, also responsible for code enforcement. Plumbing and gas inspector is a shared position with the Town of Watertown.
- **Engineering** – responsible for the development, design, and oversight of road reconstruction and major sanitary sewer and storm drain rehabilitation projects.
- **Planning** – provides services and guidance on land use and related issues to the Board of Selectmen, Town Administrator, Town boards, residents, and developers.

Budget by Program

Program	FTEs	FTE %	Budget \$	Budget %
Administration	3.63	36.4%	171,935	16.3%
Engineering	1.34	13.4%	266,545	25.3%
Inspection/Enforcement*	2.00	20.1%	349,788	33.1%
Planning	3.00	30.1%	267,025	25.3%
TOTAL	9.97	100.0%	1,055,293	100.0%

* includes \$82,000 plumbing and gas inspector shared with Watertown

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses.

Line Item	FY2017	Prior Year	% Change	Explanation
Full Time Salaries	\$197,360	\$138,028	43.0%	New staff planner position
Health Insurance	\$28,305	\$16,285	73.8%	Coverage for new position
Rock Meadow Maint.	\$7,000	\$0	-	Manage Rock Meadow

Requested Adds (not included in the budget or discussed by Board of Selectmen above)

None.

Special Analysis and Observations

A new planning staff position is being added because there is currently only one staff planner, and the work is becoming too much for one person to perform.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
None	Department is running well

FY 2017 Recommendations

Recommendation	Rationale
Allow for online permit filing	Could lead to efficiency and easier tracking of permits. Already implemented for plumbing, gas and electrical permits.
Track repeat offenders of snow shoveling bylaw	This would ensure that those sidewalks are shoveled.
Track and eliminate illegal stormwater and sump pump hookups into the sewer system	Would help mitigate stormwater infiltration into sewer system.

Facilities

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$4,323,516	\$2,718,193	169.32%	28.55*

*This includes 18.5 Facility FTE's still shown in the School Budget, and 1.25 Facility FTE's still shown in the Library Budget.

Department Mission / Description of Services

In September 2013 the consolidation of the Town and School building maintenance departments into a single department was accomplished with the hiring of a new Director of Facilities. In 2016, the School Facility Operations and Maintenance Accounts were consolidated into the Facilities Department's budget, which accounts for the large increase shown for FY17. In this report, the Town building services will be shown with a comparison to the previous year's Town-only figures, but the Department's totals will be shown as consolidated.

Mission and Services: The new combined Facilities department is responsible for the maintenance, cleaning, repair of all Town and School buildings, including managing the fuel and utilities for said buildings. The department also assists with the oversight of Town and School capital projects.

Budget by Program

The combined budget both Town and School buildings broken down by function in dollar amount and percentage is as follows:

Program	FTEs	FTE %	Budget \$	Budget %
Personnel & Admin	1.30	4.7%	641,920	14.8%
General Services	0.00	0.0%	165,177	3.8%
Utilities	0.00	0.0%	1,890,537	43.8%
Building Maintenance	26.40	92.4%	604,991	14.0%
Supplies and Equipment	0.00	0.0%	725,891	16.8%
Major Building Repairs	0.85	2.9%	295,000	6.8%
TOTAL	28.55	100.0%	4,323,516	100.0%

Expense Analysis

The following budget line items increased by more than 5% and by more than \$5,000 from 2016 Estimated Expenses. As most of the increases in this Department's budget are due to bringing in the School Department's facilities budget and FTE's, this report will not identify those changes in detail.

Line Item	FY2017	Prior Year	% Change	Explanation
School utilities, supplies and equipment	\$3,788,236	\$3,543,757	6.9%	Cuts from FY15 to FY16 which are being put back due to the override

Requested Adds (not included in the budget above)

None.

Special Analysis and Observations

Having combined the Town, School and (partly) the Library Facilities Departments, there is a greater economy of scale in ordering supplies and parts; and for the Town and School Departments in prioritizing capital projects. While the combined Facilities Department manages the Library's 1.25 FTE maintenance staff, it does not yet control the Library's facilities budget or capital projects.

A facilities audit found about \$14 million dollars in trade costs alone for repairs to the current buildings in Town, such as school building envelopes and boiler replacements. Chipping away at these repairs will take a long time.

Recommendations

Recap of Prior Year Recommendations

Recommendation	Status
Include the Library Facilities Department within the consolidated Department	This has been partly completed, but not for capital projects and the budget.
Combine School security with the Town's security	The Schools currently use a vendor, while the Town uses the Police Department. This is being explored.

FY 2017 Recommendations

Recommendation	Rationale
Same as the above for FY16	Same as the above for FY16

Minuteman

Article 10 F: That under Minuteman Regional School, **\$795,654** be raised and appropriated.

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$795,654	\$(35,866)	(4.31%)	-

The District budget decreased 0.52% primarily because of a reduction in enrollment. It would have been a larger decrease except for budgeted debt service related to the first year of the proposed new building. Belmont's assessment decreased 4.31% primarily because its enrollment was down from 31 to 26 students. The fiscal year 2017 budget and assessment is under the new revised District agreement that includes a rolling average to determine enrollment and a different capital allocation formula. The effect of the new agreement on Belmont this year was negligible.

Department Mission / Description of Services

Mission: Minuteman's mission is to serve a diverse student body with multiple learning styles within academic, career, and technical areas.

Services: Minuteman provides instruction to high school students in traditional academic subjects and 19 career and technical training areas, such as carpentry, plumbing, culinary arts, early education, telecommunications, biotechnology, environmental science, and computer programming/web design. Minuteman also provides career and technical training to postgraduate students, although the costs for the post-graduate programs are primarily covered through a separate budget.

Budget by Program

Minuteman's major program areas are shown below. Instructional support includes services such as special education, technology support, guidance, the library, and health.

Program	Budget FY 2017	Difference from FY 2016	Percent Change
Administration	\$1,739,885	\$(5,454)	-0.03%
Student Instructional Services	\$9,626,521	\$(373,977)	-0.37%
Student Services	\$2,240,048	\$115,967	-5.4%
Operation & Maintenance	\$1,803,804	\$(29,291)	-1.6%
Insurance, Retirement, Leases	\$2,913,565	\$26,630	1.0%
Community Services	\$100,000	\$0	0.0%
Asset Acquisition & Improvement	\$157,322	\$(433,651)	7.3%
Debt Service	\$1,116,952	\$596,870	114.7%
Tuition Payments	\$30,000	\$0	0.0%
TOTAL	\$19,728,097	\$(102,906)	0.52%

Special Analysis and Observations

Enrollment Trends : The current total enrollment at Minuteman is comprised of 624 high school students, down from 673 students the previous year. As discussed below, with the adoption of a new Regional District Agreement, six towns will be exiting from the district. The enrollment from the 10 remaining towns is 331 students, or approximately 53% of the total enrollment. Belmont currently has 26 high school students attending Minuteman.

Non-Member Tuition Students : Out-of-district students pay a tuition which is set by the state Department of Elementary and Secondary Education (DESE). Presently, the out-of-district tuitions pay less than the total per-pupil cost for each member town. However, the out-of-district towns must provide their own transportation (while transportation is provided for the in-district students) and must also pay a surcharge for special education students, both of which help reduce the disparity somewhat.

District's Present and Future

For the past several years, the Minuteman Regional Vocational District has been struggling with a number of problems, which include: (i) declining enrollment from member towns; (ii) an outdated and unfair governance structure; (iii) an aging building in need of repairs or replacement; and (iv) a State mandated funding environment financially favorable to non-member towns.

During the past year with the adoption of a new Regional District Amended Agreement, the governance has been significantly improved with, among other changes: (i) weighted voting; (ii) flexibility that may be inviting to proposed membership by other towns; and (iii) a mechanism to seek non-member towns pay their fair share. Also, there has been some changes in the State funding regulations that recognizes in certain circumstances non-member towns should be responsible for a share of the capital costs of regional vocational school districts.

As of the time of this writing, the likelihood of success of the District's proposed new school is very much in doubt. The District School Committee voted approval of approximately \$144.9 million debt authorization to fund a new school with a planned enrollment of 628 students. The District proceeded under the statutory procedure that required the unanimous approval of all 16 member towns. On May 4, 2016, the Belmont Town Meeting voted disapproval of the funding by a vote of 141-81. All other towns are support the debt, either by not voting or by voting approval subject to a successful debt exclusion. In any event, with Belmont's disapproval vote, the District's funding for a new school is in jeopardy.

It is now incumbent upon the District to present a plan to the Massachusetts School Building Authority suggesting how the District believes they can secure the requisite funding. The District could seek, as a statutory alternative, a District-wide ballot vote, though the early indication is that the Administration will not choose this path.

If the proposed new school building project is defeated and abandoned, Belmont and the remaining nine towns will have to deal with the problem of the aging building, but hopefully with a reconstituted District including membership of previous non-member towns that sent a substantial number of students to Minuteman. Much work will be required if such reconstitution is to occur.

Belmont Public Schools

Article 10 E: That under Belmont Public Schools, \$50,126,583 be raised and appropriated.

Budget Overview

FY 2017	\$ change from prior year	% change from prior year	FY 2017 FTEs
\$50,126,583	\$466,513	0.94%	477.3

Department Mission / Description of Services

The School Department, responsible for K-12 education of all Belmont children and also for pre-kindergarten services to children with special needs, is Belmont's largest department. In addition to its core classroom education, it provides Belmont students with a wide array of athletic, cultural, and service opportunities. The School Department also manages an adult education program and recreation programs open to both children and adults.

Budget by Funding Sources and Program Categories

Three types of revenues support the formal school budget. In addition to the appropriation from the General Fund, grants and revolving fund revenues are important sources of funds:

Funding Source	FTEs	FTEs %	Budget \$	Budget %
General Fund	477.3	90.5%	50,126,583	88.4%
Grants	15.6	3.0%	3,432,132	6.1%
Revolving Funds	34.4	6.5%	3,118,233	5.5%
TOTAL	527.3	100.0%	\$56,676,948	100.0%

The school budget expense accounts are organized under six major programs:

Program Category	FTEs	FTEs %	Budget \$	Budget %
Regular Instruction	268.9	51.0%	21,161,912	37.3%
Special Instruction	128.9	24.4%	16,391,126	28.9%
Student & Instructional Services	69.6	13.2%	7,616,026	13.4%
Operations	18.4	3.5%	1,138,543	2.0%
Leadership & Administration	41.5	7.9%	3,327,672	5.9%
Allowances & Benefits	0.0	0.0%	7,041,669	12.4%
TOTAL	527.3	100.0%	\$56,676,948	100.0%

Program Services and Support

Another useful way to look at the budget items is to group them by service and support categories, and to compare against last year's budget. (The last column shows % change from FY16 to FY17).

	FTE FY16	Budget FY16	FTE FY17	Budget FY17	% Δ\$	
DIRECT EDUCATIONAL SERVICES						
1	Regular Instruction	265.9	20,685,084	268.9	21,201,912	2.5%
2	SPED Instruction	103.7	6,403,672	105.4	6,778,918	5.9%
3	Substitutes	0.0	475,000	0.0	480,000	1.1%
4	SPED Out-of-District Tuitions	0.0	5,909,232	0.0	7,058,872	19.5%
5	English Language Learners	8.6	649,805	9.4	650,134	0.1%
6	Pre K	14.8	766,510	14.0	774,724	1.1%
7	Adult Education	0.0	19,120	0.0	9,120	-52.3%
8	Benefits Allocation	0.0	3,862,430	0.0	4,027,736	4.3%
		393.0	38,770,853	397.8	40,981,417	5.7%
STUDENT SERVICES						
9	Athletics	1.0	833,473	1.0	850,725	2.1%
10	Student Activities	0.2	106,122	0.2	140,627	32.5%
11	Guidance	11.0	861,940	12.3	998,933	15.9%
12	Psychological Services	6.8	529,164	6.8	551,240	4.2%
13	Health Services	7.9	640,412	8.1	687,015	7.3%
14	Library	5.9	272,275	6.2	289,480	6.3%
15	METCO	5.8	360,386	5.3	338,507	-6.1%
16	Benefits Allocation	0.0	380,887	0.0	405,128	6.4%
		38.8	3,984,658	40.0	4,261,654	7.0%
EDUCATION SUPPORT						
17	Curriculum Development	1.7	196,625	1.7	233,303	18.7%
18	Staff Development	1.0	248,800	1.0	270,667	8.8%
19	Benefits Allocation	0.0	26,535	0.0	27,340	3.0%
		2.7	471,960	2.7	531,310	12.6%
ADMINISTRATION & OPERATIONS SUPPORT						
20	Building Administration	31.7	2,105,078	31.3	2,167,103	2.9%
21	Central Administration	9.2	1,221,942	10.2	1,308,913	7.1%
22	Operations	18.5*	1,198,169*	18.5	1,138,543	1.0%
23	Technology	10.5	1,284,093	10.0	1,328,775	3.5%
24	Food Service	16.8	762,001	16.9	843,675	10.7%
25	In-District Transportation	0.0	340,000	0.0	441,800	29.9%
26	SPED Transportation	0.0	1,044,800	0.0	1,128,477	8.0%
27	METCO Transportation	0.0	152,160	0.0	152,160	0.0%
28	Health Insurance for Retirees	0.0	1,444,057	0.0	1,497,381	3.7%
29	Benefits Allocation	0.0	867,761	0.0	895,739	3.2%
		86.7*	10,420,061*	86.9	10,902,566	4.6%
TOTAL ALL CATEGORIES						
		521.2*	53,647,532*	527.3	56,676,948	5.6%

*excludes \$2,425,408 and 1.6 FTE, reflecting budget lines moved to Town in FY17

In this table we see several significant changes in budget allocations from FY16 to FY17:

SPED ("SPeial EDucation") Classroom Instruction (line 2): The FY17 budget is 5.2% and \$375,246 greater than the FY16 allocation, and the total staffing FTE count increases from 103.7 to 105.4. The net addition of 1.7 staff reflects a gain of 4.5 teacher FTEs and a decrease of 2.8 aide FTEs, which reflects an approach of providing more SPED services in-house as a way to manage demand for out-of-district services.

SPED Out-of-District Tuitions (line 4): The FY17 budget is 19.5% and \$1.15 million greater than the FY16 allocation. The school department estimates that for FY16 the actual costs for this item will exceed the budget by \$700,000. The FY17 allocation equals the expected FY16 total actual costs with a 7% growth factor taken from the 2015 Financial Task Force model.

SPED Out-of-District Transportation (line 26): The FY17 budget is 8.0% and \$83,677 greater than the FY16 allocation, and for several years the costs have risen significantly faster than the number of students transported.

(All Special Education ("SPED") expenses are examined further starting on page 50.)

Direct Educational Services (lines 1-8): Classroom staff is higher in the FY17 budget by a total of 4.8 FTEs. The additional positions were envisioned in the 2015 Financial Task Force Report and made possible by the successful operating override vote.

Guidance (line 11): The FY17 budget adds a full-time guidance FTE at the High School and part-time (0.35 FTE) position at the Middle School.

In-District Transportation (line 25): The \$101,800 increase has two components. First, actual costs in FY15 and FY16 have been about \$40,000 more than budgeted, and the FY17 reflects the higher expenses. Second, the district plans to add a seventh bus in FY17 and estimates the extra cost at \$64,800. The revenue from user fees is expected to stay flat at \$200,000; the additional \$101,800 is allocated from General Funds, and the FY17 General Funds allocation for in-district transportation is 73% more than the FY16 amount.

Central Administration (line 21): Within this item, a new addition is a part-time registrar to handle registrations at the central office instead of at each school.

Operations (line 22): FY17 is the first year where the Town's Facilities Department is responsible for much of the operations of the school buildings. In this transition \$2,529,417 has left the school budget. (The allocation of the \$2.5 million is 60% utilities expenses, 22% buildings and grounds, and 18% custodial services.) The table on page 45 adjusts the FY16 numbers as if these same budget lines had been transferred to the Town in FY16, in order to have an "apples-to-apples" comparison with the FY16 budget.

Funding Sources

The spending categories shown on the previous page are financed through three types of revenues: General Funds, State and Federal Grants, and Revolving Funds, summarized in this table:

Funding Source	FY 2017	Description
Chapter 70 State Aid for Education	7,096,024	The final amount available will not be known until the state budget is approved
Other General Fund Sources	43,030,559	This is 53% of available tax proceeds and other revenue, after fixed costs and Chapter 70 aid
<i>ALL GENERAL FUND SOURCES:</i>	50,126,583	The amount to be appropriated by Town Meeting
<hr/>		
"Circuit Breaker"	1,413,257	State grant that partially reimburses high cost SPED tuition expenses
Individual with Disabilities Education Act (IDEA)	912,022	The primary federal grant to help fund special education
Early Education and Care (EEC)	28,050	Support for Pre-K SPED programs
SPED Improvement	12,480	State grant program development
METCO program & transportation	517,750	State grant for METCO
Full Day Kindergarten	126,069	State support for full day kindergarten
Title I	253,525	Federal grant to promote literacy through wellness
Title IIA	73,396	Federal grant, professional development
Title III	60,583	Federal grant to support English Language Learners (ELL)
Grant from Town	35,000	Payment from Town for tech support
<i>ALL GRANTS:</i>	3,432,132	
<hr/>		
Full Day Kindergarten	723,013	Fees for afternoon session
Pre-Kindergarten	141,649	Participant fees
Lunch programs	883,675	Intended to cover full costs
BHS and CMS Athletics	502,431	Participant fees
Bus transportation	200,000	Covers less than half of costs
Building Rental Fees	205,215	Pays for building expenses
Other User Fees	462,250	Seven other funds
<i>ALL REVOLVING FUNDS:</i>	3,118,233	

This table does not include funds received from other organizations, such as the Foundation for Belmont Education, the PTOs, the "Friends of ..." fundraising groups, local businesses and other organizations that provide grants and program support independently of the School Department budget.

Enrollment and Staffing Trends

The table on the next page presents annual data on enrollment, staffing, and total spending during the ten year period from FY06 to the present; it also subdivides this period in two: (a) the six years from 2006 to 2012; and, (b) the four years from 2012 to 2016. During the latter four year period enrollment increased much faster than during the earlier six year period. Summary growth data are provided for each of these periods. Four trends stand out:

Rising Enrollments Long-term enrollment has grown 18.6% since 2006, an annualized rate of 1.7%. Looking at the two component periods, the growth rate from 2006 to 2012 was only 1.2% per year, while in the four years since 2012, the annualized growth rate essentially doubled to 2.5%, representing a net increase of about 400 students.

Increased Staffing Due in part to the increased staffing afforded by last year's override, increases in teaching staff have generally kept pace with enrollment growth. During the two sub-periods, the annualized growth rates for all classroom staff were 3.1% and 2.5% respectively. However, the growth in the 2006-2012 period was dominated by a significant increase in the use of instructional aides, which grew at a rate 14.2% per year, while growth in teachers during this period was 1.0%. In the four years since 2012, the annualized growth rates for teachers and aides have been more similar, at 2.0% and 4.0% respectively.

Relatively Stable Student-Teacher Ratios Student-teacher ratios reflect these growth rates. In FY16, the ratio for Regular Instruction programs is 16.5, down from a high of 16.8 in FY15. Special instruction has a lower ratio and is now below 10, reflecting recent increases in staffing.

Robust Budget Growth The 2015 override allowed for a growth rate of 7.6% in the General Fund portion school budget from FY15 to FY16 (i.e., from \$46.156 million to \$49.660 million). Since 2006, the annualized growth rate has been 4.2% for the General Fund budget.

Future Enrollment Projections: In preparing its FY17 budget, the School Department is projecting an enrollment increase of about 100 students and is adding approximately five new teaching positions to maintain existing student-teacher ratios. Going forward, the school district will be reviewing and updating its enrollment forecasts as it prepares submissions related to the high school building project. Its current estimate is that the October 2019 enrollment will be 4705 (i.e., up from 4303 in October 2015), in part due to newly developed housing and continued residential demand in Belmont by parents with school-aged children. Enrollment growth will significantly influence future financial constraints on the district.

Long-Term Growth in Enrollment, Staffing, and Budget (Grades K-12)

								Growth: 2006-2012						Growth: 2012-2016		Growth: 2006-2016	
	2006	2007	2008	2009	2010	2011	2012	Total	CAGR	2013	2014	2015	2016	Total	CAGR	Growth	CAGR
	(Actuals)	(Actuals)	(Actuals)	(Actuals)	(Actuals)	(Actuals)	(Actuals)			(Actuals)	(Actuals)	(Actuals)	(Actuals)				
Enrollment																	
K-12 Enrollment (in District)	3,628	3,676	3,708	3,790	3,905	3,877	3,900	7.50%	1.21%	3,994	4,136	4,222	4,303	10.33%	2.49%	18.61%	1.72%
Regular Instruction	3,233	3,257	3,315	3,432	3,581	3,599	3,624	12.09%	1.92%	3,713	3,845	3,932	4,002	10.42%	2.51%	23.77%	2.16%
Special Education	395	419	393	358	324	278	276	-30.09%	-5.79%	281	291	290	301	9.19%	2.22%	-23.67%	-2.66%
Staffing																	
Classroom Teachers	238.90	235.90	240.35	245.67	244.70	253.01	253.02	5.91%	0.96%	257.93	262.80	262.80	274.40	8.45%	2.05%	14.86%	1.40%
Regular Instruction	218.84	216.79	220.24	223.98	221.95	226.90	225.93	3.24%	0.53%	230.85	234.65	233.59	242.54	7.35%	1.79%	10.83%	1.03%
Special Instruction	20.06	19.11	20.11	21.69	22.75	26.11	27.08	35.03%	5.13%	27.08	28.15	29.21	31.86	17.63%	4.14%	58.83%	4.74%
Instructional Aides/Tutors	33.84	37.03	42.57	45.81	45.46	80.58	75.02	121.70%	14.19%	81.16	86.29	88.35	87.60	16.76%	3.95%	158.87%	9.98%
Regular Instruction	2.85	2.79	2.74	7.11	2.99	19.84	26.16	817.39%	44.69%	28.88	18.67	20.74	21.93	-16.17%	-4.31%	669.07%	22.63%
Special Instruction	30.99	34.24	39.83	38.70	42.47	60.75	48.86	57.68%	7.89%	52.27	67.62	67.61	65.67	34.39%	7.67%	111.91%	7.80%
All Classroom Staff	272.74	272.93	282.92	291.48	290.16	333.59	328.04	20.28%	3.12%	339.09	349.09	351.15	362.00	10.35%	2.49%	32.73%	2.87%
Regular Instruction	221.69	219.58	222.99	231.09	224.94	246.74	252.09	13.71%	2.16%	259.73	253.32	254.33	264.47	4.91%	1.21%	19.30%	1.78%
Special Instruction	51.05	53.35	59.93	60.39	65.22	86.85	75.95	48.78%	6.85%	79.36	95.77	96.82	97.53	28.42%	6.45%	91.06%	6.69%
All Department Staff	390.82	392.33	403.65	412.28	409.64	471.62	469.20	20.06%	3.09%	478.61	492.50	495.97	507.36	8.13%	1.97%	29.82%	2.64%
Student-Staffing Ratios																	
Student-Teacher	15.19	15.58	15.43	15.43	15.96	15.32	15.41			15.48	15.74	16.07	15.68				
Regular Instruction	14.77	15.02	15.05	15.32	16.13	15.86	16.04			16.08	16.39	16.83	16.50				
Special Instruction	19.68	21.92	19.55	16.50	14.24	10.65	10.19			10.38	10.34	9.93	9.46				
Student-All Classroom Staff	13.30	13.47	13.11	13.00	13.46	11.62	11.89			11.78	11.85	12.02	11.89				
Regular Instruction	14.58	14.83	14.87	14.85	15.92	14.59	14.38			14.30	15.18	15.46	15.13				
Special Instruction	7.73	7.85	6.56	5.93	4.97	3.20	3.63			3.54	3.04	3.00	3.09				
Student-Department Staff	9.28	9.37	9.19	9.19	9.53	8.22	8.31			8.34	8.40	8.51	8.48				
Budgets (millions)																	
General Fund Only	\$33.005	\$34.869	\$37.040	\$38.471	\$37.824	\$39.703	\$39.703	20.29%	3.13%	\$43.068	\$44.549	\$46.156	\$49.660	25.08%	5.75%	50.46%	4.17%
All Funding	\$34.589	\$36.580	\$38.915	\$40.885	\$42.311	\$44.225	\$44.225	27.86%	4.18%	\$49.273	\$50.715	\$52.482	\$56.073	26.79%	6.11%	62.11%	4.95%

Notes: Enrollment, staffing, and budget totals for FY06-10 are taken from Annual Reports.
 Totals for FY11-16 are taken from School Department Enrollment Reports and budget documents (actual FTEs, budgeted dollars)
 The staffing and budget totals for FY2010 and FY2011 reflect ARRA and SFSF Grant funding. For years prior to FY2011, however, only General Fund and Revolving Account funding is included; no data found for other grant funding. It is likely staffing counts (eg., in Special Instruction) are also missing.
 All enrollment counts exclude Special Education out-of-district placements.
 Because ELL students are in both the regular education and special education student populations, ELL teachers and tutors are distributed proportionally across the regular and special instruction staffing counts.
 The 60 FTE increase in total staffing indicated in FY2011 appears to reflect both an increase in the classroom staffing included in this table (+41 FTEs), plus the inclusion of 15.5 cafeteria staff who were not included in the FY2006-FY2010 Annual Reports.
 Enrollment and staffing totals are for Grades K-12 only (excluding Pre-K), however, budget totals include all grades.
 The FY14 budget amounts reflect the addition of \$200,000 from a Reserve Fund Transfer, as well as the removal of \$190,000 in LABBB credits (the latter were moved to the FY15 Revolving Account budget)
 The FY15 budget amounts do not include the addition of \$250,000 in Special Education Stabilization Fund monies and \$285,000 from a Reserve Fund Transfer.

Special Analysis

The following sections look at two key drivers of school budget growth: providing special education services, and compensation costs.

Key Driver: Providing Special Education Services

Federal and state laws mandate that public school districts educate all students and provide special education services as needed. As of March 2016, there are 454 Belmont students (about 10% of the student population) identified with disabilities and receiving special education services. Of these students, 401 students are in grades K through 12; the other 53 are either receiving early education and care services or are receiving services up until age 22.

Of the K-12 population, almost 80% receive services that supplement the education they receive as included members in the regular education classrooms. The other special education students receive their education in separate classrooms offered by a variety of providers.

The total budget for special education services (including Pre-K) for FY17 is more than \$15 million, or more than 26% of the total school budget from all funding sources. As this table of special education program categories shows, the annual growth rate of the total special education budget over the past five years has been 8.1%, making it one of the fastest growing components of the school budget.

Special Education Program	(\$ in thousands)					
	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR*
Pre-K	590	361	556	560	633	1.8%
Classroom K-12	3,383	3,708	3,929	4,326	4,601	8.0%
District-Wide Services	865	1,015	1,172	1,195	1,277	10.2%
District-Wide Admin & Support	435	433	401	447	466	1.8%
Home and Summer Tutoring	344	416	342	435	435	6.0%
Out-of-District (OOD) Tuitions	5,096	4,948	5,937	5,909	7,059	8.5%
OOD Transportation	693	856	956	1,045	1,128	13.0%
TOTAL	\$11,406	\$11,736	\$13,292	\$13,918	\$15,599	8.1%

*compound annual growth rate

SPED in the classroom

This table compares the recent history of students, classroom FTEs, and total salary costs for those involved with special education services within the regular classroom setting in grades K-12. Note that SPED classroom FTEs have been increasing faster than SPED students, primarily through increasing the number of aides in the regular instruction classrooms.

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
SPED inclusion students	281	291	290	301	307*	2.2%
SPED classroom FTEs						
Teacher & Occ Therap FTEs	28.6	28.5	30.4	31.4	35.9	5.8%
Aide FTEs	50.4	53.9	67.0	67.4	64.6	6.4%
Total FTEs	79.0	82.4	97.4	98.8	100.5	6.2%
Classroom salary costs ('000s)	\$3,766	\$4,191	\$4,448	\$4,818	\$5,128	8.0%
Classroom salary per student	\$13,401	\$14,401	\$15,339	\$16,006	\$16,704	5.7%

*estimate

Out-of-District Placements

Not all students receiving special education services receive them directly from district teachers and aides. The current estimate is that 101 students in FY17 will attend "out-of-district" classrooms provided by other entities. This cohort has added students each year since FY13, growing at an annualized rate of 6.0%. Since out-of-district tuitions are significantly higher than the per student costs for those who stay within the district, the growth of out-of-district placements has created financial challenges for the district.

The LABBB Collaborative supports the largest number of Belmont's out-of-district students. LABBB is a provider of a diverse program of special education services and classrooms, organized by the Lexington, Arlington, Burlington, Bedford, and Belmont school districts, and the five member districts provide classroom space and other facilities for the LABBB community.

Another category of out-of-district placements are students in collaborative programs (other than LABBB) and in other Massachusetts public school districts. As a "non-member" participant, the Belmont school district has no direct say in how these programs are run.

The third broad category contains student placements in privately run schools. While privately run, the state regulates how these schools operate and what tuition levels they may charge. As the table below shows, these programs are the most expensive in the special education budget, as they serve students with the greatest needs (including residential placements).

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
LABBB						
Enrollment	33	33	41	42	44*	7.5%
Total cost in thousands	\$1,692	\$1,768	\$1,973	\$2,091	\$2,611	11.5%
Cost per student	\$51,272	\$53,571	\$48,113	\$49,785	\$59,347	3.7%
Collaboratives & MA Public						
Enrollment	9	11	16	16	16*	15.5%
Total cost in thousands	\$530	\$687	\$920	\$612	\$904	14.3%
Cost per student	\$58,904	\$62,421	\$57,481	\$38,247	\$56,473	-1.0%
Private Placements						
Enrollment	38	39	36	40	41*	1.9%
Total cost in thousands	\$2,874	\$2,494	\$3,044	\$3,206	\$3,544	5.4%
Cost per student	\$75,642	\$63,941	\$84,564	\$80,157	\$86,440	3.4%
TOTAL TUITIONS						
Enrollment	80	83	93	98	101*	6.0%
Total cost in thousands	\$5,096	\$4,948	\$5,937	\$5,909	\$7,059	8.5%
Cost per student	\$63,706	\$59,616	\$63,835	\$60,298	\$69,890	2.3%

*estimate based on current cohort

Out-of-District Transportation

Students transported (est)	80	83	93	98	101	6.0%
Total cost in thousands	\$693	\$856	\$956	\$1,045	\$1,128	13.0%
Cost per student	\$8,658	\$10,308	\$10,284	\$10,661	\$11,173	6.6%

We offer several comments on this table and the challenge of funding out-of-district placements.

First, remember from the earlier discussion of SPED Out-of-District Tuitions on page 46 that the actual FY16 costs for these items are about \$700,000 above the FY16 budgeted amounts.

Second, growth in the out-of-district student cohort and the variability in the services required by these students has led to a significant overall long-term increase in costs. It is not clear what the school administration can do to control total cost of out-of-district placements or the services required.

Third, with the average cost per out-of-district placement approaching \$70,000, the potential budget impact of a growing out-of-district placement cohort is significant to the overall school budget.

Fourth, there are significant increases in out-of-district costs per student in the FY17 budget that warrant close attention. In particular, the reasons for the FY17 increase in the average LABBB tuition and the out-of-district transportation cost need to be fully understood.

Finally, the preceding describes the gross cost of out-of-district placements to the Belmont school district. However, the net costs to the district are lower. As the Funding Sources table on page 47 shows, the district receives significant state and federal grants to help pay for out-of-district placements. For instance, the state's Circuit Breaker grants provide partial reimbursement for

SPED tuition expenses when a student's tuition exceeds about \$40,000. In FY16 Belmont will receive \$1,413,257 in circuit breaker tuition reimbursements from claims for 71 student tuitions paid in FY15.

Given the lag in reimbursement funding and the recent rise in placements, the FY17 budgeted total of \$2.3 million in state Circuit Breaker and federal IDEA grants is likely to be a conservative estimate of the amounts to be received in FY17, and the actual amounts could be several hundred thousand dollars higher. To the extent that these grants are indeed higher and actual out-of-district expenses are close to the budgeted amounts, the district would be able to carry over the extra grant funds as a cushion for unexpected SPED costs in future years.

Key Driver: Compensation

In Belmont, salary costs make up 61% of the FY17 school budget, and, including benefits and other compensation related costs, the total is 72%, or \$42.8 million. The large share highlights the role of compensation as a driver of the overall budget. This table shows how these costs have grown over the past five years, with total compensation costs growing 5% over that time:

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
FTEs	485.4	490.0	506.8	522.8	528.9	2.2%
Salaries* (in '000s)	\$30,392	\$32,503	\$33,447	\$36,088	\$37,392	5.3%
Fringe Benefits** (in '000s)	\$4,741	\$4,790	\$4,839	\$5,157	\$5,376	3.2%
TOTAL (in '000s)	\$35,133	\$37,292	\$38,286	\$41,246	\$42,768	5.0%

*includes stipends, contract allowances for raises, and substitutes

**does not include retiree health insurance

Historical Salary Totals By Job Title

The following table shows the historical growth in total salary costs, total FTEs, and average salary costs per FTE for various position categories recognized in the budget. The lunch staff and aides were excluded. A few other personnel accounts were excluded due to some classification ambiguities.

SELECTED JOB CATEGORIES

Total Salary Costs By Category (\$ in thousands)

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
Teachers	18,518	19,755	20,570	22,349	23,116	5.7%
Other Unit A	2,262	2,496	2,633	2,721	2,929	6.7%
Aides	1,887	2,388	2,287	2,598	2,594	8.3%
Leadership	2,874	2,817	2,895	2,942	3,054	1.5%
Clerical	1,150	1,209	1,190	1,201	1,308	3.3%
Technology	354	379	439	430	445	5.9%
Custodial	570	589	564	603	631	2.6%
Building and Grounds	314	366	405	411	372	4.3%
TOTAL SALARY COSTS (in '000s)	\$27,930	\$29,999	\$30,982	\$33,254	\$34,448	5.4%

FTEs

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
Teachers	257.9	261.5	266.3	279.9	286.8	2.7%
Other Unit A	35.3	34.1	35.1	34.7	35.9	0.4%
Aides	73.9	88.8	99.4	100.8	98.9	7.6%
Leadership	24.4	24.1	24.4	24.4	24.4	0.0%
Clerical	26.6	26.2	26.4	26.4	27.1	0.5%
Technology	7.5	7.5	7.5	8.0	7.5	0.0%
Custodial	13.0	13.0	13.0	13.0	13.5	0.9%
Building and Grounds	6.5	6.6	7.1	7.1	6.6	0.6%
TOTAL FTEs	445.1	461.8	479.1	494.3	500.7	3.0%

Average Salary Per FTE (\$)

	ACT-13	ACT-14	ACT-15	BUD-16	BUD-17	CAGR
Teachers	71,792	75,559	77,255	79,845	80,600	2.9%
Other Unit A	64,035	73,130	74,940	78,349	81,517	6.2%
Aides	25,534	26,881	23,020	25,768	26,218	0.7%
Leadership	117,791	116,868	118,633	120,565	125,159	1.5%
Clerical	43,279	46,188	45,089	45,511	48,272	2.8%
Technology	47,207	50,568	58,398	53,719	59,386	5.9%
Custodial	43,843	45,270	43,373	46,374	46,711	1.6%
Building and Grounds	48,716	55,504	57,007	57,939	56,353	3.7%
AVERAGE SALARY PER FTE	\$62,749	\$64,961	\$64,660	\$67,270	\$68,794	2.3%

As shown in the first panel, total salary costs for the accounts considered here rose an average of 5.4% per year since FY13, due to both rising headcount and rising salaries. The second and third panels unpacks this annualized growth rate, attributing 3.0% to growth in FTEs district wide and 2.3% to growth in average salary levels.

For payroll and other purposes, employees belong to one of eight groups, five of which have a union that exclusively represents them in collective bargaining and other interactions with the school committee and administration. Union contracts are usually negotiated to cover a three year period. FY17 is the final year of the current contracts for the five unions representing Belmont school employees, and negotiations for the next round of contracts are expected to begin in the fall of 2017.

Structure of Unit A Salaries

Unit A, the union bargaining unit for teachers, guidance counselors, librarians, nurses, and occupational therapists, accounts for 60% of the FTEs and 74% of the salary compensation in the FY17 school budget. The current Unit A contract agreement provides for a guaranteed increase of a teacher's base salary for the first fourteen years, as the teacher "steps" up the table, and teachers with more than 14 years experience receive longevity based increases. In addition, a teacher will automatically receive additional permanent increases for completing graduate level course work of the teacher's choosing (thus moving across "lanes" in the compensation table).

It is useful to take a look at the actual experience in FY15 and FY16 staffing to better understand the various impacts of contractual salary progression, staff turnover, and changes in funded positions. The following two tables use actual payroll data from FY15 and FY16.

The first table looks at the impact of the step-and-lane structure through the experience of the Unit A employees who were employed at the same FTE level in both FY15 and FY16. This group consists of 260 people accounting for a total of 254.7 FTEs:

IMPACT of STEP-AND-LANE on UNIT A SALARY INCREASES, FY15 to FY16

FY15 ⇒ FY16	FTE	FY-15	FY-16	Δ%	average FY16 salary
SAME LANE					
Step up	141.5	9,865,875	10,416,627	5.6%	73,616
Top step	71.0	6,624,742	6,723,656	1.5%	94,699
Top step, longevity up	5.0	475,017	488,719	2.9%	97,744
Repeat step	8.0	579,847	584,962	0.9%	73,120
CHANGE LANE					
Step up	26.6	1,833,998	1,987,489	8.4%	74,718
Top step	2.6	244,600	254,883	4.2%	98,032
TOTAL	254.7	\$19,624,079	\$20,456,337	4.2%	\$80,315

Among those who stayed in the same degree lane, the ones who moved up one step received an average salary increase of 5.6%. Those who were already at the top step (step 14) received 1.5%, bringing their average salary to \$94,699. A few at the top step also received a longevity increase, awarded for every five years at the top step, for an average increase of 2.9% to \$97,744. Eight FTEs were on the FY16 payroll at the same step due to leaves of absence.

Among those who changed lanes by receiving additional course credits, those who also moved up one step received an 8.4% raise. Those already at the top step received an average of a 4.2% raise.

Overall the total salary for the 260 Unit A employees who were in the system in both FY15 and FY16 rose 4.2% from FY15 to FY16, and the average FY16 salary for this group was \$80,315.

The second table shows the total salaries of those who departed the district after FY15 and who joined in FY16. The departing employees numbered 46, representing 42.7 FTEs. The average step for these employees was 9.2, and 25 of the 42 were in the "master's plus 15 hours" lane or higher. In contrast, the new employees, numbering 63 and representing 54.1 FTEs, entered at an average step of 5.7. While 57 of the 63 new hires had a master's degree, 47 of the new hires were in a degree lane below the "master's plus 15 hours". In short, the departing teachers were replaced with new hires with lower salaries on average:

IMPACT of TURNOVER on UNIT A SALARY COSTS, FY15 to FY16

FY15 ⇒ FY16	FTE	FY-15	FY-16	average salary	
Departing employees	42.7	\$3,223,219	0	\$75,485	(FY15)
New hires	54.1	0	\$3,454,958	\$63,862	(FY16)

The experience from FY15 to FY16 is typical — the district usually brings in new hires at a lower step and lane than the retiring or exiting teachers.

Because the FY16 budget was based on an assumption that the FY15 FTEs would be staffed at levels one step higher across the board (except, of course, for those employees already at the top step), the experience of staff turnover and replacement with staff entering at lower steps led to the actual staff costs being lower than budgeted. For FY16, the difference in average salary of \$11,623 per FTE, times the 42.7 FTEs of the departing teachers, creates a surplus of actual to budget of almost \$500,000.

Looking Ahead

In April 2015 the voters approved a \$4.5 million operating override, and the FY16 and FY17 school budgets reflect this increased funding with larger special education budgets and higher staffing levels. For now, the requested school budget "fits" within the overall available revenues. How long this remains the case will of course depend upon the growth of future school budgets relative to available revenues.

Recommendations

Explain Special Education Expenses The total budget for special education services is more than \$15 million and it has been growing at a compound annual rate of more than 8% since 2013. This committee looks forward to working with Superintendent Phelan and the district leadership to better understand the financial workings of the various special education programs. Three particular topics are:

- *LABBB Finances.* The governing board of the LABBB Collaborative includes the superintendents of the five member towns, and the per student costs are projected to rise significantly in FY17.
- *Other Out-of-District Placements.* The number of placements and the level of required services greatly affect these total costs. The ability to plan and prepare for future surprises in total out-of-district placements will be enhanced when we can better distinguish between systematically rising trends and year-to-year fluctuations around a long-term average.
- *District-wide SPED Services.* About \$1 million in the FY17 budget is for district-wide special education services, notably services provided by outside contractors. As described in last year's report, more precise classification of the invoices as they are paid could bring more insight through the existing financial reporting system.

Study Enrollment Trends and Projections The future path of enrollment will influence the severity of future financial constraints on the district. The current basis for predicting future enrollment can be improved through a more extensive analysis of the various factors that drive enrollment. Lexington and Arlington have recently completed similar studies, and they can serve as examples of what could be done here.

Consider the Impact of Contract Negotiations The final topic is not so much a recommendation as it is counsel to the entire community to understand the importance of the upcoming contract negotiations between the school leadership and the five unions in determining whether or not subsequent school budgets can be funded through available revenues, or whether budget reductions, or higher taxes through a new override, or both will be needed.