



# Warrant Committee Report Town of Belmont FY 2019 Budget

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May 2018

## **2017–2018 Warrant Committee Members**

*John Alcock*

*Michael Crowley (Secretary)*

*Elizabeth Dionne*

*Christine Doyle*

*Roy J. Epstein (Chair)*

*Jennifer Fallon*

*James Gammill (resigned December 2017)*

*Anne Helgen*

*Michael Libenson*

*Paul Lisanke*

*Geoffrey Lubien*

*Robert McLaughlin*

*Ellen Schreiber (Vice-Chair)*

*Laurie Slap*

*Jack Weis*

*Ex officio*

*Susan Burgess-Cox (ex-officio, School Committee)*

*Adam Dash (ex-officio, Board of Selectmen)*

*Lisa Fiore, (former School Committee representative)*

*James Williams (former Board of Selectmen representative)*

## Report of the Belmont Warrant Committee to Town Meeting May 2018

**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. Overview of FY19 Recommended General Fund Budget

The FY19 recommended General Fund budget is \$116.2 million, which represents a 5.6% increase over last year.<sup>1</sup> This increase reflects four main factors: the allowed 2.5% increase in last year’s property taxes, “new growth” from property improvements that lead to higher assessments, increases in Chapter 70 State Aid for the schools, and utilization of a portion of the General Stabilization Fund reserve. The budget process identifies the expected revenues and subtracts out the fixed costs, such as pensions, debt service, Minuteman, and roads override funds. The remainder of the revenue is available for the General Fund budget.

Town Meeting created a General Stabilization Fund (“GSF”) after the 2015 override as a “savings account” for the revenue from the override. The override has been essential to preserve town services. The GSF was originally expected to allow the budget to remain in balance for three years (FY16–FY18). Fortunately, careful management and solid revenue growth has allowed the override to last longer. The GSF balance is currently about \$3 million. We are in a position to use a portion of it to balance the budget in FY19 and we should be able to use the remainder to help balance the budget for FY20. The current financial projections indicate that the GSF will still have a balance that could be used for FY21 but it will be depleted by the start of FY22. Increased revenue (such as from a future override) and/or reduced expenditures are therefore likely to be required in the coming years.

Table 1 compares the recommended FY19 General Fund budget to corresponding data for FY18. This budget is as of May 14, 2018 and is subject to minor adjustments before the June Town Meeting.

**Table 1: Summary of FY18 General Fund Budget vs. FY17 (\$ million)**

	FY19	FY18	\$ Change	% Change
Town	\$39.88	\$38.55	\$1.33	3.4%
Schools	\$56.99	\$52.97	\$4.02	7.6%
Capital Budget (Discretionary)	\$1.40	\$1.37	\$0.03	2.5%
Fixed Costs*	\$17.97	\$17.19	\$0.78	4.6%
<b>Total General Fund Budget</b>	<b>\$116.24</b>	<b>\$110.08</b>	<b>\$6.16</b>	<b>5.6%</b>

\*Includes legally binding obligations such as pensions, debt replacement, state charges (e.g., MBTA), capital items (roads, sidewalks), Minuteman Vocational School, and Assessor’s abatement reserves.  
Note: Data do not include expenses budgeted in enterprise funds, trust accounts, or Belmont Light. FY18 data is adjusted budget, not budget as voted by Town Meeting. Calculations reflect rounding.

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

The “split” of the general fund budget across spending categories is one of the key decisions in the budget process. Table 1 indicates the overall budget growth of 5.6% reflects growth of 3.4% for the town and 7.6% for the schools. The discretionary capital spending is at a level comparable to recent years, after unusually high expenditures in FY17. The split between town and school in part reflects the stated purpose of the 2015 override to devote the majority of the override revenue to the schools due largely to significantly increased enrollment. By comparison, demand for other town services has not grown by as much.

Table 2 breaks out the increases in spending by function. The table shows town departments, school spending, and Minuteman costs as discussed later in this report. In addition, the table breaks out insurance expense, capital spending, and other fixed costs.

**Table 2: FY19 General Fund Budget vs. FY18 by Department or Function (\$ million)**

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>% Change</b>
General Government	4.78	4.58	0.21	4.5%
Human Services	3.34	3.22	0.12	3.8%
Police	8.04	8.02	0.02	0.2%
Fire	6.48	6.57	-0.09	-1.4%
Public Works	8.36	7.95	0.4	5.1%
Community Development	1.13	1.12	0.02	1.5%
Facilities	4.42	4.38	0.04	1.0%
Insurance	3.33	2.72	0.61	22.4%
Belmont Public Schools	56.99	52.97	4.02	7.6%
Capital Budget (Discretionary)	1.4	1.37	0.03	2.5%
Operating Budget	98.27	92.89	5.38	5.8%
Minuteman Vocational	0.85	0.91	-0.06	-7.0%
Pension Expense *	7.88	7.35	0.53	7.3%
Other Fixed Costs **	9.25	8.93	0.32	3.5%
<b>Total General Fund Budget</b>	<b>116.24</b>	<b>110.07</b>	<b>6.16</b>	<b>5.6%</b>

\* Does not include pension expenses budgeted in enterprise funds, Belmont Light, or trust accounts. See Pension discussion below.

\*\* Includes legally binding obligations such as: debt replacement, state charges (e.g., MBTA), capital budget (roads override), and Assessor’s abatement reserves.

Note: Data do not include expenses budgeted in enterprise funds or trust accounts. FY18 data is adjusted budget, not budget as voted by Town Meeting. Calculations reflect rounding.

The most material changes are for Belmont Public Schools, Insurance, Public Works, and Pensions. The budgeted increase for Insurance is by far the largest item for the town side. These issues are discussed in greater detail below.

The recommended budget maintains roughly level town services, avoids major cuts in the School programs and addresses higher enrollments, and provides for capital investments (roads, sidewalks, equipment).

On the revenue side, FY19 is notable for \$900,000 in new growth. This represents incremental and recurring property taxes from property improvements. A large fraction of the new growth this year is due to the new Belmont Light substation (which was sold to EverSource) and further work at the “Royal Belmont” Belmont Uplands development.

Expected and recommended revenues are summarized in Table 3. This funding approach uses \$1.61 million from Free Cash and \$1.34 million from the GSF in FY19.

**Table 3: FY19 Expected General Fund Revenues vs. FY18 Actual Revenues (\$ million)**

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>% Change</b>
Total Property Taxes	\$92.64	\$88.55	\$4.09	4.6%
Local Receipts	\$7.90	\$7.61	\$0.13	1.7%
State Aid	\$11.29	\$10.10	\$1.19	11.8%
Free Cash	\$1.61	\$2.32	(\$0.71)	
General Stabilization Fund	\$1.34	\$0.00	\$1.50	
Other Available Funds	\$1.46	\$1.50	(\$0.04)	
<b>Total General Fund Revenue</b>	<b>\$116.24</b>	<b>\$110.08</b>	<b>\$6.16</b>	<b>5.6%</b>

Note: Subject to adjustment when State Aid is finalized later this fiscal year. Calculations reflect rounding.

## II. Enterprise Funds

Belmont maintains separate Water Enterprise and Sewer Enterprise Funds. The Enterprise Funds receive revenue from rates charged for these services. The expenses of the Funds include operation and upkeep of the town’s water and sewer system, including stormwater management. The total expenditures for the Enterprise Funds are summarized in Table 4.

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

	<b>FY19</b>	<b>FY18</b>	<b>\$ Change</b>	<b>% Change</b>
Water	\$7.06	\$6.87	\$0.19	2.8%
Sewer	\$9.28	\$9.12	\$0.16	1.8%
<b>Total Enterprise Funds</b>	<b>\$16.34</b>	<b>\$15.99</b>	<b>\$0.35</b>	<b>2.2%</b>

Note: Calculations reflect rounding.

## III. Risks in the FY19 Budget

Because Belmont must operate with a balanced budget, action must be taken if actual spending appears likely to exceed the total budget by year end. Either spending must be reduced in certain areas or reserves such as free cash must be further utilized. Two areas in the budget will require particular monitoring during FY19 because they are especially risky in this sense.

- Special education (“SPED”) costs continue to represent a large percent of the Education budget. SPED out-of-district placement and transportation costs are subject to large budget variances. The school department has a state-funded “circuit breaker” SPED reserve account that acts both as a source of funds for SPED line items and as a buffer against unanticipated SPED expenses. Despite the circuit breaker account currently having a healthy balance, there is no guarantee that the account can cover all SPED variances. The June 2017 Town Meeting created a new “Special Education Reserve Fund” to manage SPED expenses but no monies were transferred into that fund and it has a zero balance.
- Healthcare costs have risen sharply and are volatile. Total FY19 healthcare expense, including town and school employees and retirees, is budgeted at approximately \$11.8 million. The increase is about 11%, reflecting the recommendation of the town’s external health insurance

consultant. Belmont self-insures for healthcare and moderate variances probably can be covered by the town's resources. Belmont has reinsurance policies to manage extraordinary adverse health insurance events.

#### **IV. Departmental Highlights:**

The Warrant Committee has subcommittees that are responsible for analyzing individual departmental budgets and practices. The key analyses and recommendations by each subcommittee are summarized below. More detail is provided in the chapters that follow.

##### **Education** (*Belmont Public Schools and Minuteman*):

Total enrollment continues to increase by about 100 students per year. This puts growing pressure on the schools because Belmont is obligated to educate all students who enroll. To accommodate them, the school district at a minimum will need more classrooms and teachers. No other department in town has experienced a similar surge in demand for services.

Belmont's schools are efficiently run with excellent results. But the increase in demand requires an increasing share of the town's overall budget.

Mandated special education costs are high and difficult to predict accurately or control. This area requires careful monitoring. A new 7-12 school could allow changes to SPED programs that might lower cost and improve student outcomes.

Belmont's Minuteman assessment has decreased to \$846,771—almost 7%—for FY19, mainly because of a decrease in enrollment from 28 to 22 students. By voting last year to withdraw from the district, Belmont has avoided incurring the increased cost associated with building the new Minuteman school. Belmont still needs to consider how to handle the vocational education needs of students for FY21 and beyond. Belmont may continue to enroll students at Minuteman in the future as a non-member town if space is available. If the new school reaches capacity, alternatives must be identified.

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

A new solid waste collection contract is switching to automated collection and single-stream recycling. Automated collection is expected to reduce costs. The cost of recycling collection is higher in the new contract because falling prices in the global recycling market have eliminated offsets previously available to Belmont and other towns.

The pavement management policy has been able to reduce the backlog of work to \$24 million compared to \$41 million 10 years ago, due in significant part to the 2015 override. Indeed, factoring in inflation, the backlog has dropped by more than half.

In spite of the staffing deficiencies, the Facilities department performed well throughout the year; the backlog in internal work orders has been reduced and the department has been instrumental in completing several projects. In April, the Town appointed a new Director of Facilities.

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

The replacement cycle for Public Safety equipment and vehicles should be evaluated. The town should assess the cost-effectiveness of replacing these items less frequently.

The Town Administrator, working with other relevant town departments and committees, should assist the Police and Fire Departments to make the best use of recent investments in software and data management tools.

The Police and Fire Departments should work with the Town Administrator to evaluate how the town's public safety needs can be met with existing budgeted positions. Public Safety officers are among the most expensive FTEs in the Town and any requests for net new additions should undergo thorough review.

The Police Department building does not meet the needs of a modern department. The recommendations to be provided to the town by the Major Capital Projects Working Group and the DPW/BPD Building Committee should address the timetable and scope of work to solve this long-standing problem.

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

Most notable in the Town Administrator's office was the hiring of a new Town Administrator, Patrice Garvin, who began work on January 15, 2018.

The Town Administrator, Board of Selectmen, and Warrant Committee have begun discussing the creation of a new Financial Task Force to create a new/updated financial and strategic plan. One focus of this plan would be leveraging revenue generation opportunities, including grants that may be available for capital planning, regional economic development, complete streets, and green communities, to name a few. With significant difficulties expected in maintaining a level services budget in the FY21 or FY22 timeframe, we strongly endorse such financial planning.

The IT department completed phase one of a 3-year project to transition the town's fiber hub away from the former Belmont Light building on Concord Avenue. This is a critical infrastructure project.

The Town continues to maintain its Aaa bond rating, which is essential to the cost of borrowing for the Town of Belmont. According to Moody's, "The Aaa rating reflects the town's healthy financial operations and reserves, a moderately-sized tax base with strong wealth levels and close proximity to New England's largest employment center, and a manageable debt burden. The rating also incorporates the town's aggressive funding of its moderate pension liability." They also highlight factors that could lead to a downgrade of our bond rating, which include a multi-year trend that results in shrinking reserve funds, substantial unexpected growth in debt burden, failure to address long-term liabilities, and unwillingness of taxpayers to approve debt exclusions or overrides. The Treasurer's office carefully manages these financial metrics and the Town's relationship with the rating agencies.

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

By leveraging grants, contributions and volunteer services, the Council on Aging more than doubles its \$421,106 budget to deliver services to our seniors.

The Belmont Public Library is the 11th highest circulating public library in the Commonwealth of Massachusetts. A Library Building Committee is now developing schematic plans for a new building on the site of the existing library.

The Health Department has now established a Youth Special Project Coordinator. The Department, recognizing the potential challenges with the legalization of marijuana, is prepared with finalized regulations governing marijuana sales.

#### **V. Free Cash and Stabilization Fund Update**

By law, the MA Department of Revenue certifies each city or town's free cash as of July 1. Belmont started FY18 with \$5,646,719 in certified Free Cash. Several years ago the Board of Selectmen and Warrant Committee agreed upon a Free Cash Guideline: Belmont will seek to maintain the amount of Free Cash in the range from 3-5% of the current year's General Fund Revenue Budget (with a target of 4%). This is thought to be a prudent level to cushion against unforeseen adverse financial events. Given the proposed FY19 General Fund Revenue Budget of approximately \$116 million, the guideline indicates a range of approximately \$3.5 million to \$5.8 million. Free Cash per the guideline is adequate for FY19.

Belmont has been drawing upon Free Cash for use in the operating budget for at least a decade. This policy is sustainable to the extent that the Free Cash used is "replenished." Because Belmont aims to budget conservatively, in a typical year there is replenishment on the revenue side (i.e., higher than expected revenue) and on the expense side (i.e., lower than expected costs, otherwise known as "turnbacks"). For FY17, replenishment was approximately \$2.1 million. This level is lower than the average over the preceding five years. Also, there is no guarantee that replenishment will be higher in the next few years.

The recommended FY19 operating budget makes use both of Free Cash and the General Stabilization Fund. Specifically, the budget uses \$1.61 million in Free Cash and \$1.34 million from the GSF. This is the first use of the GSF for operating expenses. There is no expectation of replenishing the GSF

Town Meeting has created four stabilization funds – each effectively "rainy day funds". The Special Education Stabilization Fund was established in 2012 to cover extraordinary special education costs but that fund was drawn down to nearly a zero balance in 2015 and has not received additional funding. As mentioned above, the "Special Education Reserve Fund" was created in 2017 but has not received funding. The Major Capital Stabilization Fund is currently empty because its initial funding of \$1.75 million from the sale of the Woodfall Road parcel has already been transferred to the High School Building Project. The General Stabilization Fund was effectively funded by the 2015 override and had a balance of \$2,945,962 as of July 2017.

The Warrant Committee believes the uses of Free Cash and the GSF in the FY19 budget are appropriate. However, it should be recognized that the GSF will continue to be drawn down. As indicated above, it may not be sufficient to balance the FY21 budget and it is very unlikely to be available for FY22. Free Cash will continue to be used in the operating budget to avoid drastic reductions in town and school services. In order to maintain a Free Cash balance consistent with our guideline, the use of Free Cash and the GSF in the operating budget will soon have to reduce to a level consistent with the expected replenishment.

The Warrant Committee is committed to ensuring that taxpayer monies are deployed with maximum efficiency and effectiveness. Nonetheless, extensive analysis by the Warrant Committee and other town bodies leads to the conclusion that greater reliance on Free Cash will not be possible to avoid the need for a future override if level services are to be maintained.

## **VI. Longer-Term Issues**

We are discussing strategies with the Board of Selectmen, Town Administrator, and the School Department to handle budget deficits that are projected to enter the picture in FY21 or, at the outside, FY22. This is a complex problem involving management of costs, generating economic growth to produce new revenue, management of reserves, and consideration of a future operating override.

Four issues stand out as long-term drivers of increased costs for the town: 1) employee compensation costs, 2) school enrollment growth and special education, 3) capital projects, and 4) unfunded pension and healthcare liabilities.

### **1. Compensation**

Employee compensation represents over 60% of Belmont's operating budget. Many municipal and school employees are unionized, with contracts that typically last three years. It is difficult to change the trajectory of contract terms. For example, a new contract with Belmont's teachers was entered into this year for a three-year term but the existing "step and lane" salary structure, typical across the Commonwealth, was not changed. There is a tension between addressing compensation growth and attracting and retaining top quality talent in this environment. This continues to be a source of pressure when trying to balance budgets while providing the same level of Town services.

### **2. Enrollment Growth and Mandated School Costs**

Belmont's schools are a prized asset. We have an outstanding system that attracts families from all over the world. Due to broad demographic and economic forces, student enrollment has increased by approximately 700 students just in the past seven years, more than the total population of any of our four elementary schools. Moreover, the School Department anticipates an additional 100 students each year for at least several more years. This comes from turnover in the existing housing stock as well as new students expected from the residential expansion in Cushing Square and the Royal Belmont development.

Special Education and English Language Learner costs are additional cost drivers over which the School Department has only limited control due to legal mandates. For example, SPED tuitions, transportation, and related services comprise 14% of the FY19 General Fund School Budget and are scheduled to increase by 7% over FY18.

Maintaining classroom sizes has necessitated more teachers and aides. However, the schools are reaching physical capacity limits. Modular classrooms have already been installed at the Chenery. The November 2017 Town Meeting approved \$2.7 million for additional modulars at the Burbank. It is not clear what other short-term solutions exist if overcrowding continues.

The proposal to replace Belmont High School is now planned to include grades 7-12. It is therefore really two schools, a high school and a junior high school. That fact is the major reason for the size and therefore the cost. That new capacity is critical for dealing with the system-wide growth in the number of students. In the view of the Warrant Committee, an appropriate new school is essential for preserving the quality of the school system and, as a corollary, preserving high and increasing property values and attendant tax revenues.

### **3. Capital Projects**

The Capital Budget Committee (“CBC”) identifies and recommends capital projects that are feasible with the resources made available to it. The FY19 CBC budget of \$1.4 million is typical. The 2015 override also devoted more resources to the pavement management program (including sidewalks) under the Department of Community Development.

There are other capital projects that are too large for the CBC budget. Four projects, in particular, have been the subject of discussion for years and progress is finally being made on them. In the past year the BHS Building Committee has worked intensively to design a new combined high school/junior high school (grades 7-12) and a November 2018 town-wide vote on a debt exclusion to finance the project is expected. A Belmont Library Building Committee was formed in November 2017 and is working on schematic design and a funding strategy, including private fundraising. The plan is to build a new library on the current library site.

A DPW/BPD Building Committee was formed in November 2017 with a charge to improve conditions at the DPW yard and the police station. That committee expects to present a report with a finished schematic design and funding plan at the June 2018 Town Meeting.

The Warrant Committee supports the approaches taken with regard to the high school, the library, the DPW, and the police station.

Belmont still has a significant backlog of both large and small capital projects. The incinerator site and the hockey rink require attention and the Butler, Burbank and Winn Brook schools will require significant upgrades at some point. The Community Path is projected to require over \$2 million for design (construction would be reimbursed or paid for by state and/or federal sources). The CBC budget is not sufficient to address the lengthy list of smaller but still important capital projects in a reasonable time frame.

The great challenge in planning capital projects is finding solutions that minimize the tax burden. In this context, the Warrant Committee believes it would be advisable to begin a community-wide discussion on how Belmont can best prioritize and fund our capital spending program. The Major Capital Projects Working Group was instrumental this past year to make progress on the DPW and police station but it is winding down. The Warrant Committee would be pleased to work with the Capital Budget Committee, the Community Preservation Committee, the Permanent Building Committee, and relevant town and school administrators and elected officials to continue addressing these difficult questions.

### **4. Pension and OPEB Liabilities**

Belmont currently has unfunded pension obligations of over \$76 million. Several years ago the Belmont Retirement Board set 2027 as the date to fully amortize, i.e., pay down, this liability.<sup>2</sup> Discussions in November 2016 between the Warrant Committee, the Board of Selectmen, and the Belmont Retirement Board led the Retirement Board to extend the planned amortization by two years to 2029.

In FY19 Belmont is contributing a total of approximately \$9.6 million for pension expense for all relevant employees (General Fund, Enterprise, Housing Trust, Belmont Light). Approximately \$1.9 million of this

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<sup>2</sup> The Retirement Board has independent authority to set the amortization schedule. The 2027 date was originally chosen in keeping with state requirements, which have since been eased.

amount is the FY19 budgeted pension expense for current employees. The remainder of approximately \$7.7 million is the required contribution to meet the new amortization target date. The total pension expense is expected to grow by 4.45% annually in order to amortize the unfunded pension liability by the end of FY29.

The Retirement Board’s 2029 amortization schedule is based on an assumed average investment return of 7.5% on the pension assets. Belmont conducts a biennial actuarial valuation to evaluate investment performance and other factors, which is used to evaluate our funding strategy. The intent is to pay off the unfunded liability prior to the state-mandated upper limit of 2040, as this leaves some cushion in the event of a financial downturn. If the average investment return falls significantly below 7.5%, either the annual contribution would need to increase (to meet the 2029 target) or the amortization period would need to be extended.

In addition to pensions, Belmont has a large unfunded liability for Other Post-Employment Benefits (“OPEB”). The liability is currently estimated at \$96.7 million. This estimate is much lower than previous estimate of approximately \$186 million due to analysis by the Belmont OPEB Study Group and an actuarial consultant. The OPEB liability is difficult to measure because it depends on many assumptions about future health care costs, longevity, and investment returns. The OPEB Study Group considers the new estimate to be more reliable because it is based more closely on actual Belmont claims experience than previous estimates. The new estimate comports with the GASB 74 accounting standard.

The following table shows the total actual medical claims by Belmont retirees under the relevant insurance plans.<sup>3</sup> This information will be useful to update estimate of the OPEB liability in the future.

<b>Year</b>	<b>Non-Medicare</b>	<b>Medicare</b>	<b>Total Claims</b>	<b>% Change</b>
FY13	\$2,238,099	\$168,655	\$2,406,753	
FY14	\$1,696,958	\$215,486	\$1,912,444	-21%
FY15	\$2,181,562	\$257,218	\$2,438,779	28%
FY16	\$2,223,671	\$270,920	\$2,494,591	2%
FY17	\$1,859,666	\$245,401	\$2,105,067	-16%
FY18	\$1,797,354	\$194,124	\$1,991,478	-5%

Belmont funds current health care costs for employees and makes an annual contribution to help amortize the OPEB liability. The amortization payment is determined by a formula developed by the Warrant Committee and the Town Treasurer several years ago and is on the order of \$400,000 per year. The plan is to accelerate paying down the OPEB liability after the unfunded pension obligation is extinguished.

Belmont is not alone with regard to its large unfunded retiree healthcare liability. This is an issue for towns across the country. The Warrant Committee believes our current strategy for managing the OPEB liability is feasible and appropriate. We will to continue to help monitor and manage this obligation.

**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

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<sup>3</sup> The Town Moderator has asked the Warrant Committee to include this information in the report and offer analysis in future reports as part of the effort to manage both current costs and the OPEB liability.

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 \$10,000 and 5%. There is description of proposed additions to programs and services, whether budgeted or not. Where useful, we have included special analyses and recommendations on issues confronting a department.

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

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## General Government

*Article 19A: That under General Government, \$4,789,622 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

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$485,983	\$70,008	16.83%	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	2.05	45.6%	\$243,143	50.0%
Town Clerk	2.10	46.7%	\$217,346	44.7%
Legislative	0.35	7.8%	\$25,494	5.2%
Total	4.50	100.0%	\$485,983	100.0%

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Part Time Sal Poll Workers	\$78,500	\$37,500	109.0%	More elections in FY19 than FY18

#### Requested Adds (not included in the budget above)

None.

**Special Analysis and Observations**

The new Massachusetts public records law went into effect in January 2017, leading to a significant increase in public record requests. The Town Clerk's office implemented a software solution, Next Request, to track requests from inquiry to resolution, and it has been enthusiastically embraced by the office of the Town Clerk and Belmont residents. The application has significantly reduced the manual effort required for each request and made it possible to absorb the work without adding staffing. The department continues to push forward with additional IT solutions, as evidenced by the installation of six new software apps in the past five years.

The project to digitize Town Meeting Transcripts has been delayed, but is expected to move forward and be completed by the expiration date of the CPA grace period.

## Town Administration

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$1,006,789	(\$37,352)	-3.58%	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; (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 the Town Administrators Act of 2013, by-law or 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, the media and the general public regarding town services and issues; (d) coordinate and manage legal services and risk management.

#### Budget by Program

The largest amount of time and resources are spent in General Management services, which includes but is not limited to, managing and coordinating the work of 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%	\$616,096	58.7%
Board of Selectmen	0.00		\$85,693	12.1%
Legal Services	0.00		\$297,500	28.5%
VFW Lease Agreement	0.00		\$7,500	0.7%
Total	5.00	100.0%	\$1,006,789	100.0%

#### Expense Analysis

The following budget line items changed by more than 10% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Selectmen - Professional and Technical Services	\$63,840	\$88,200	-27.6%	Reduced based on actual spending needs

#### Requested Adds (not included in the budget above)

None.

#### Special Analysis and Observations

Most notable in the Town Administrator’s office was the hiring of a new Town Administrator, Patrice Garvin, who began work on January 15, 2018. The Town Administrator applied for and received a grant from the Collins Center at UMass Boston to create a financial model for the town, as well as consolidate

all of the town policies in one manual. That work is underway, and is expected to be completed this calendar year.

The Town Administrator and Board of Selectmen have begun discussing the creation of a new Financial Task Force to create a new/updated financial and strategic plan. One focus of this plan would be leveraging revenue generation opportunities, including grants that may be available for capital planning, regional economic development, complete streets, and green communities, to name a few.

Capital projects will continue to be a priority for the Town Administrators office, including the Belmont High School building project, Police Station and DPW buildings, skating rink, incinerator site, Pequossette and Grove Street playgrounds, and the Community Path.

Additional goals include implementation of the new solid waste collection system, smart meters for water consumption, recommendations for vocational education, implementation of the recreation strategic plan, and improvements to the town budgeting process.

**FY19 Recommendations**

We would like to see the Town Administrator’s office work with the IT department to explore the possibility and timing of a website redesign. The result could be a website that increases the ability of residents to find the information they seek and to track their questions as they are resolved, which would both free up staff time and increase resident satisfaction.

Several departments have expressed a need for more support in applying for grants. We recommend that the Town Administrator work with the departments to identify issues and find solutions that could improve the process to leverage grant opportunities.

## Human Resources

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$309,350	\$11,282	3.79%	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%	\$37,515	12.2%
Employee/Labor Relations	0.54	18.5%	\$62,516	20.2%
Pay and Classification	0.63	21.6%	\$63,366	20.5%
Recruitment & Retention	0.78	26.7%	\$88,521	28.6%
Other	0.58	19.9%	\$57,432	18.6%
Total	2.92	100.0%	\$309,350	100.0%

### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

None.

### Requested Adds (not included in the budget above)

None.

### Special Analysis and Observations

The department is continuing collaboration with the School Department and union leaders to improve and look for potential savings in benefit offerings. Work is continuing to streamline and improve hiring, orientation, and exit interview processes. Primary challenges in FY19 will be reaching a settlement for one remaining open union contract and continuing to ensure compliance with requirements of the Affordable Care Act.

## Information Technology

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$942,522	\$22,648	2.46%	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 47% of the budget, with the remainder spent on software licensing and support, computer equipment, and other non-salaried cost of services.

Program	FTEs	FTE %	Budget \$	Budget %
Desktop Services	1.20	24.0%	\$142,321	15.1%
ERP Systems Admin	1.20	24.0%	\$235,630	25.0%
GIS/DB Admin	1.10	22.0%	\$34,874	3.7%
File Server/Communications	1.30	26.0%	\$491,996	52.2%
Technology Training	0.20	4.0%	\$37,701	4.0%
Total	5.00	100.0%	\$942,522	100.0%

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

None.

#### Requested Adds (not included in the budget above)

None.

#### Special Analysis and Observations

The IT department completed phase one of a 3-year project to transition the fiber hub located in the Belmont Light building. The town's fiber network has grown over the years on an as needed basis, and phase one has given us our first-ever map of the network. Phase two (in FY19) will create a new fiber network design that is planned and efficient, and phase three (in FY20) will implement the new network design. The transition is planned to coincide with the decommissioning of the old light building, freeing the building for other uses.

The IT department has worked with other departments to automate a variety of manual processes. For example, the Town Clerk's office has two trained staff members who have created many applications based on the town's GIS and PeopleForms systems. Other departments have partnered with IT to

automate a number of tasks, and there is much more potential to streamline the process of delivery town services.

Security is always a major area of concentration that occupies over 50% of staff time. The department is diligent about keeping security systems up to date and monitoring the network for intrusions. Ransomware attacks have become a significant problem in corporate and government networks. Social engineering, like phishing, is the primary method of introducing ransomware, and the IT department has worked with all town employees to increase awareness and recognition of these types of risks.

#### **FY19 Recommendations**

One major concern of residents is the ability to find information on the town's website and to get updates about inquiries/projects with town government. We recommend that the IT department and the Town Administrator's office consider the possibilities of a future website redesign. The IT department could explore the current options for CMS software (customer management software) to help residents track their requests. In addition, residents could be included in the information design to help organize information in ways that users expect to find it.

We would like to see the town explore the possibility of consolidating IT personnel in some of the town departments. The departments already work closely together and cover for each other when staff are on vacation or out sick, but there are advantages – both financial and functional – to combining small IT departments to work as part of a more concentrated center of expertise.

## Town Accountant

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$473,209	\$55,447	13.27%	3.60

#### 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	0.80	22.2%	\$114,324	24.2%
Auditing	0.70	19.4%	\$103,845	21.9%
Budgeting/Reporting	0.50	13.9%	\$57,394	12.1%
Accounts Payable & Purchasing	1.40	38.9%	\$156,691	33.1%
Other	0.20	5.6%	\$40,955	8.7%
Total	3.60	100.0%	\$473,209	100.0%

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Professional and Technical Services	\$25,000	\$12,500	100.0%	Implementation of GASBs # 74 & #75, as related to OPEB Actuarial studies, for Town, School and Light departments

Total department budget increased by \$55,447 but \$43,015 of this increase reflected health insurance expense. Health insurance expense is discussed separately in the executive summary.

#### Requested Adds (not included in the budget above)

None.

#### Special Analysis and Observations

The Town Accounting department has made great progress in using updated accounting standards and implements new accounting technology such as MUNIS. The department plays an essential role in monitoring costs and revenue and making sure various departments create financial reports that enable

Belmont to be managed efficiently. Recommendations would be to continue to adopt best practices in terms of technology, report generation and integration with all town departments.

**Town Treasurer**

**Budget Overview**

<b>FY19</b>	<b>\$ change from prior year</b>	<b>% change from prior year</b>	<b>FY19 FTEs</b>
\$724,518	\$43,767	6.43%	7.50

**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**

<b>Program</b>	<b>FTEs</b>	<b>FTE %</b>	<b>Budget \$</b>	<b>Budget %</b>
Treasury Management	3.60	48.0%	\$297,378	41.0%
Collections	3.30	44.0%	\$288,974	39.9%
Parking	0.60	8.0%	\$138,166	19.1%
Total	7.50	100.0%	\$680,751	100.0%

**Expense Analysis**

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

<b>Line Item</b>	<b>FY19</b>	<b>Prior Year</b>	<b>% Change</b>	<b>Explanation</b>
Treasurer - Full Time Salaries	\$341,279	\$300,449	13.6%	Part-time position became full-time
Treasurer - Part Time Salaries	\$19,811	\$59,199	-66.5%	Part-time position became full-time
Parking Meters & Devices	\$30,000	\$0		Parking station maintenance

**Requested Adds (not included in the budget above)**

None.

**Special Analysis and Observations**

None.

**FY19 Recommendations**

The Town continues to maintain its Aaa bond rating, which is essential to the cost of borrowing for the Town of Belmont. According to Moody’s, “The Aaa rating reflects the town's healthy financial operations and reserves, a moderately-sized tax base with strong wealth levels and close proximity to New England’s largest employment center, and a manageable debt burden. The rating also incorporates the town’s aggressive funding of its moderate pension liability.” They also highlight factors that could lead to a downgrade of our bond rating, which include a multi-year trend of operating deficits that result in shrinking reserve funds, substantial (unexpected) growth in debt burden, failure to address long-term

liabilities, and unwillingness of taxpayers to approve debt exclusions or overrides. The Treasurer's office carefully manages these financial metrics and the Town's relationship with the rating agencies.

Belmont has long-term financial challenges. It is essential that the Board of Selectman and the Town Treasurer continue to collaborate to find alternative revenue opportunities given the reliance on property taxes to fund the majority of Belmont's budget.

## Assessors Office

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$447,251	\$31,097	7.47%	3.43

#### 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

Program	FTEs	FTE %	Budget \$	Budget %
List & Value	1.10	32.1%	\$143,568	34.5%
New Growth	1.00	29.2%	\$130,597	31.4%
Abatements & Exemptions	0.86	25.1%	\$112,260	27.0%
Excise Taxation	0.47	13.7%	\$60,826	14.6%
Total	3.43	100.0%	\$447,251	100.0%

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Revaluation services	\$120,000	\$100,000	20.0%	Smoothing cost of revaluation services, instead of spike every 5 years

The Commonwealth has informed Belmont that the town will no longer need to undergo a revaluation audit every three years but rather every five years. Ultimately this will decrease annual expenses, as costs will now be spread over five years. However, the Commonwealth has tightened annual reporting requirements, such that certain revaluation activities are now annualized, as opposed to occurring in the revaluation year. Also, all photos in the property database need to be updated.

#### Requested Adds (not included in the budget above)

None.

#### Special Analysis and Observations

The Department has renewed the appraisal software contract with J.F. Ryan that has been used for many years, at a favorable rate. This software (Computer Aided Mass Appraisal or "CAMA") works well for Belmont and the staff is well-trained in its use.

New growth figures for FY19 are expected to be in the range of \$900,000. Ongoing completion of the Royal Belmont accounts for \$400,000 of this number. The Bradford (in Cushing Square) may also contribute to new growth as portions of that project reach completion. Typical new growth figures are in the range of \$550,000 annually.

The Abatements and Exemptions reserve is now \$800,000 (an increase from \$750,000) which is approximately 1% of the property tax revenue (the Commonwealth would approve a range of 1-5%). The additional reserve allows for larger new growth valuations that might create additional abatement requests.

### **FY19 Recommendations**

Business property (both real and person) once accounted for approximately 10% of Belmont's annual property tax receipts. Business property currently accounts for approximately 5% of annual property tax receipts. It would be helpful to understand more about the decline of this percentage as we try to increase the town's commercial tax base.

We recommend a study to explore the factors that shape the distribution of the tax burden and determine what issues and opportunities there might be.

We also recommend an analysis of the property tax deferral program for seniors to determine if it is being used effectively and whether any improvements could or should be made.

## Human Services

*Article 19H: That under Human Services, \$3,333,401 be raised and appropriated.*

### Council on Aging

#### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$421,106	\$21,949	5.50%	5.70

#### 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 5,300 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 (about 2,000) remained approximately the same, with about 70 percent of the users as Belmont residents. The remaining 30 percent are non-residents (who are eligible to use the Beech Street Center under State law). Many of these non-residents are either former Belmont residents or the immediate family members of a Belmont senior they are assisting. The visits to the Beech Street Center average slightly more than 300 per day.

#### Budget by Program

Transportation accounts for the largest percentage of FTEs (33.3%) and highest percentage of budget dollars (30.9%). FTEs for volunteers or grant-funded programs are not included. The COA expects delivery this spring of a new van provided 80 percent by a grant from the State Department of Transportation with 20 percent (\$11,000) appropriated by last year's Town Meeting.

Program	FTEs	FTE %	Budget \$	Budget %
Transportation	1.90	33.3%	\$130,275	30.9%
Social Services	1.20	21.1%	\$96,412	22.9%
Nutrition	0.10	1.8%	\$13,575	3.2%
Health & Wellness	1.00	17.5%	\$98,368	23.4%
Socialization, Adult Ed	0.90	15.8%	\$52,644	12.5%
Volunteer Services	0.40	7.0%	\$15,686	3.7%
Senior Trips	0.10	1.8%	\$7,056	1.7%
Total	5.70	100.0%	\$421,106	100.0%

The COA budget is significantly augmented by grants that cover FTEs as follows: 0.60 for Transportation, 0.30 for Volunteer Services, and 0.26 for Media Specialist.

#### Expense Analysis

The \$21,949 increase in the budget results primarily (i) because of an aberration in last year's budget relating to retirement and health care expenses causing in a decrease of \$11,263; (ii) the upward

reclassification of the Director’s salary and the upward reclassification in salary resulting in the coordinator being promoted to the position of Assistant Director; (iii) the four percent merit increase in several of the members of the staff; and (iv) an increase of \$3,100 in health care. Transportation is again approximately 1/3rd of the budget and amounts to a cost of approximately \$17.00 per ride. The COA is exploring issuing a RFP jointly with the City of Newton for backup transportation to be serviced by a ride sharing company, such as Uber or Lyft. 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.

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Full Time Salaries	\$255,908	\$242,280	5.39%	Reclassification of Director and promotion of Coordinator to Assistant Director

**Requested Adds (not included in the budget above)**

The COA is taking the lead position in a planning group consisting of a representative from each of the Fire Department, Police Department, Health Department and Community Development to address seniors at risk in housing. Many seniors living alone may encounter mental health issues, be susceptible to hoarding, and slip into substandard living conditions. The planning group is seeking funding for a 19-hour-a-week social worker to assist in addressing this need.

**Special Analysis and Observations**

The COA is better staffed this year by reason of the upgrading of the Coordinator to the position of Assistant Director and the addition of a part-time Media Specialist.

Assuming the fair value of volunteer service is \$15.00 an hour, a detailed analysis of the additional funding the COA is able to secure outside the Town budget in the form of grants, contributions and volunteer services totaled \$560,874 last year.

The results of the initiative last year of expanding the COA programs to the evening have proved disappointing. The rental of the Beech Street Center is improving somewhat and it appears that this fiscal year it is on track to have net rentals after custodial expenses of approximately \$17,000 as compared to \$11,000 the previous year.

The COA secured an \$8,000 grant from the Tufts Foundation to assess the needs of the older adults in the Town, which resulted in a report identifying the needs of the seniors and strategies for addressing them.

## Health Department

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$626,035	\$43,330	7.44%	4.90

#### Department Mission / Description of Services

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

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

#### Budget by Program

The largest share of time and budget is devoted to environmental health (inspections and complaints). Disease control is performed by a nurse shared with the town of Lexington (through a contract, not as a Belmont employee). Contracting out of a portion of restaurant inspections has been, and continues to be, successful in freeing up time for department staff to focus on other areas.

Program	FTEs	FTE %	Budget \$	Budget %
Animal Care & Control	1.00	20.4%	\$70,539	11.3%
Environmental Health	2.00	40.8%	\$241,664	38.6%
Youth, Family, Veterans	0.90	18.4%	\$190,196	30.4%
Disease Control	0.00		\$41,494	6.6%
Admin	1.00	20.4%	\$82,142	13.1%
Other	0.00		\$0	
Total	4.90	100.0%	\$626,035	100.0%

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Part Time Salaries	\$59,805	\$38,488	55.4%	Increase to boost hours for the Town Social Worker and fund a part-time intern to handle the rat problem.

#### Requested Adds (not included in the budget above)

Potential addition of FTE hours and funding to increase the Public Health Administrative Assistant position from 35 to 40 hours per week for increased responsibilities administration of Weights & Measures and Youth Commission programs.

Additional funding for a “Public Health Specialist” position that would assist with inspections, response to nuisance complaints, community education, and administrative tasks.

### **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, the department shares a nurse with Lexington and a weights-and-measurements professional with Arlington.

Hoarding, rats, trash, and unsanitary housing conditions remain big concerns of the department. An increase in complicated housing issues and nuisance complaints has increased the number of time-consuming investigations and has challenged departmental resources to adequately address them. Time spent on these issues decreases the ability of the department to engage in public health prevention education activity.

The opioid epidemic also remains a concern, although the department believes it is a manageable one in Belmont with continued public education and outreach efforts.

Looking ahead, the Massachusetts Department of Public Health grant for the tobacco prevention collaboration has ended. Belmont Health Department staff will have to take on the responsibility of conducting tobacco inspections, compliance checks, updating policies, and educating retailers without additional resources. Marijuana legalization in Massachusetts and potential retail sales in Belmont also represent a conceivable challenge for the department, although the department already has recently finalized regulations governing marijuana sales.

### **FY19 Recommendations**

Belmont’s health department, and many other area health departments, is quite small. Belmont’s health department has leveraged regional collaborations for the delivery of some services. Expanding regional cooperation for the delivery of more services could offer additional promise, especially as a way to increase the delivery of public health prevention education.

With such a small staff, Belmont’s Health Department is challenged to seek out and respond to all potential grant sources for the benefit of the town. It is a problem shared by other Belmont departments, as well. The Health Department should consult with the Town Administrator about how best to ensure that the Department is in the best position to apply for appropriate grant resources

## Library

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$2,286,260	\$57,407	2.58%	24.50

### Department Mission / Description of Services

*Mission:* The mission of the Belmont Public Library is to enrich the lives of the community by empowering its citizens' personal, educational and professional growth. The library is dedicated to advancing literacy and fostering life-long learning.

*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, Massachusetts Library Association, and Mass Library System.

### 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 of 2.6%, with no significant changes in the allocation across program areas.

The FY19 allocations are provided below. Public Services include the first four program areas noted above. When combined with Technical/Processing services, these five program areas account for 87% of the FTEs and 77% of the total budget.

Program	FTEs	FTE %	Budget \$	Budget %
Public Services	17.90	73.10%	\$1,451,276	63.5%
Technical/Processing Services	3.30	13.50%	\$318,682	13.9%
Plant Operations	1.30	5.30%	\$320,497	14.0%
Administration	2.00	8.20%	\$195,805	8.6%
Total	24.50	100.0%	\$2,286,260	100.0%

### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

None.

### Special Analysis and Observations

The efficient utilization of staff is an on-going focus of both the library director and the trustees. In FY 18 this was exemplified by the purchase of self-checkout stations which help the library manage growing circulation volumes without increasing staff.

One of the new services the library is exploring is to expand their lending services into certain non-traditional items (e.g., cooking equipment or recreational equipment), the so-called "library of things".

This is a growing trend for many libraries, including libraries in surrounding communities. Offering such materials would be expected to only account for a very small fraction of the library's total catalogue of items available for circulation, in comparison to more traditional items, like books and electronic media. Moreover, it may provide some challenges for the efficient utilization of space, particularly in the current building. But, it also represents an example of the how the library is responding to the evolving trends in the industry and the changing demands of its customers.

The library administration and trustees are making steady progress on planning for a new facility. Town Meeting approved the creation of a Building Committee at the November 2017 Town Meeting. In the year ahead, the Building Committee is expecting to engage an owner's project manager and an architect, in order to begin the process of soliciting community input and developing a schematic design. At the same time, the director and the trustees are also focused on the challenge of balancing the need to maintain the existing building and provide services to library patrons while also remaining cognizant of the potentially limited useful life of any enhancements to the current facility.

## Public Safety

*Article 19D: That under Public Safety, \$14,518,286 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

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$8,014,458	\$217,064	2.78%	86.00

#### 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

Program	FTEs	FTE %	Budget \$	Budget %
Patrol Services	35.00	40.7%	\$4,549,250	56.8%
Traffic Management	27.00	31.4%	\$690,658	8.6%
Detectives & Investigations	5.00	5.8%	\$698,044	8.7%
Community Services	4.00	4.7%	\$408,558	5.1%
Joint Public (911)	10.00	11.6%	\$1,030,263	12.9%
Administration	3.00	3.5%	\$551,206	6.9%
Records	2.00	2.3%	\$86,479	1.1%
Total	86.00	100.0%	\$8,014,458	100.0%

Note: The department also utilizes 26 volunteer and per diem staff in addition to the above FTEs.

The FY19 budget for the Police Department calls for a 2.8% increase over the FY18 Budget. About 57% of the budget is allocated to Patrol Services, which provides 24/7 coverage of the Town. The next largest portion of the budget is Communications, 13%, which handles emergency calls for both the Police and Fire Departments, including emergency medical services, as well as all after hours calls for the town. Administration expenses, including records, account for 8% of the budget.

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	Prior Year	% Change	Explanation
Police Patrol/Prof Services-Data Processing	\$67,300	\$56,500	19.1%	Increased maintenance and data storage costs.
Police Patrol/Replace Equipment	\$180,000	\$165,000	9.1%	The cost of replacing police cruisers

has increased. The department replaces cruisers every three years.

**Requested Adds (not included in the budget above)**

The Police Department requested funding to hire an additional School Resource Officer for the middle school. However, the position will be filled from the vacancy created by a retirement in the department.

**Special Analysis and Observations**

*General:* Community policing is an increasingly complex engagement, influenced by the rise in opioid usage, widespread mental health and domestic abuse 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 continues to be an important asset to the town.

The opioid epidemic remains an area of concern. The department also has distributed Naloxone (Narcan) to all of its officers to assist with response to calls involving potential overdoses. (The Fire Department also is equipped with Naloxone for its responses to medical emergencies.)

*Technology and Data Management:* In recent years, the Department has been challenged to make the fullest use of technology and data management, including making maximum use of its existing QED record management system. The town plans to undertake a review of technology assets, which the Police Department will participate in.

*Staffing:* FY18 is the first year in many that the Department is fully staffed at its budgeted number of positions. In addition to 48 sworn police officers, the Department oversees 33 additional communications, traffic safety, community service and administrative personnel, as well as 26 auxiliary and special police volunteer personnel for a total of 107 departmental employees. The roster has decreased by five employees from last year’s 112 due to the retirement of four police auxiliaries and one school crossing guard. The Department believes the School Resource Officer (SRO), added in FY16, is extremely useful and plans to add another to provide coverage for the middle school. Because of the expense of adding additional officers, including salary and benefits (e.g., pension-related expenses and post-employment health benefits), potential redeployment options are preferable to additional officer hires.

*Physical Plant:* The Department’s building does not meet the needs of a modern police department. The report to this TM by the DPW/BPD Building Committee authorized by the November 2017 STM includes a schematic design and budget to address the condition of the police station.

**FY19 Recommendations**

<b>Recommendation</b>	<b>Explanation</b>
Work with the Town Administration on a review of technology assets.	The town is planning to undertake a review of technology assets, which should involve the Police Department in order to: 1) assess the ongoing technology needs of the department and the level and type of ongoing support needed, and 2) make recommendations on how to maximize the use of existing investments.
Consider a longer replacement cycle for the department's police cruisers.	The budget includes \$180,000 to replace three police cruisers (\$60,000 per vehicle), a recurring cost each year. Because the department budgets, on average, \$1,523 per vehicle for maintenance each year, a longer replacement schedule (e.g., 4-5 years) could save \$60,000 or more per year in vehicle

Explore the use of idling reduction technology, especially in new police vehicles.	replacement costs. Idling reduction technology can dramatically reduce fuel costs and emissions from idling police vehicles, as well as reduce engine idling, which can extend the life of the department's police cruisers.
Explore replacing Belmont's 911 communications center with a regional one.	Moving to a regional 911 center that supports more than one town opens the door to Massachusetts E911 support and equipment grants, which can dramatically reduce expenses. If Belmont were to become the regional communications hub for itself and at least one other town, potential savings would be even greater.
Work with the Town Administration to access resources for grant writing.	The Town Administrator should procure the appropriate internal or external resources to assist the department with accessing grant funds.

**Fire Department  
Budget Overview**

FY18	\$ change from prior year	% change from prior year	FY18 FTEs
\$6,479,487	(\$90,164)	-1.37%	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 acts to extinguish and prevent the spread of fires, including responding to calls where a fire is likely; 2) fire prevention; 3) emergency rescue services; 4) service calls and 5) fire department administration.

**Budget by Program**

Program	FTEs	FTE %	Budget \$	Budget %
Fire Administration	5.49	9.9%	\$813,024	12.5%
Fire Suppression	50.00	90.1%	\$5,467,213	84.4%
Rescue Services	0.00		\$199,250	3.1%
Total	55.49	100.0%	\$6,479,487	100.0%

Although the Fire Department is divided into five functions, the need to staff Fire Suppression 24/7 drives 84% of the FY19 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 EMS portion of the budget includes supplies, training and overtime, and other incremental costs required to provide ALS/BLS services. The bulk of EMT and ALS stipends are included in departmental expenses.

The Department’s budget will decline by (1.37%) in FY19 from FY18, due primarily to lower salary costs as experienced personnel have retired and been replaced by firefighters at lower salaries. Additionally, capital outlays are lower because of the completion of the installation of the new record management system. Recently signed Collective Bargaining Agreements call for a 7% increase in salaries over the next three years, in line with other Town departments.

**Expense Analysis**

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year:

Line Item	FY18	Prior Year	% Change	Explanation
Fire Admin. Software Licenses	\$43,900	\$19,900	120.6%	Increased costs for Telestaff and Zoll RMS licensing and cloud storage.
Fire Admin Equip Replacement	\$21,000	\$56,475	-62.8%	Reflects completion of Telestaff upgrade.
Fire Suppression FT Salaries	\$3,215,249	\$3,322,359	-3.2%	Reflects lower salaries of new firefighters as more experienced

Fire Suppression Longevity	\$0	\$17,867	-100.0%	personnel retire. Benefit was removed from this line in new labor contract.
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**Requested Adds (not included in the budget above)**

For the past five years, the Department has requested a full-time ALS coordinator, ½ FTE Data Analyst position, and dedicated technology support of 10-20 hours per week.

See below for discussion of these requests.

**Special Analysis and Observations**

*Ambulance Services:* The Fire Department provides both Basic Life Support ambulance service (BLS) and, since FY14, Advanced Life Support (ALS) services to the Town. In FY17, there were 1,103 ambulance transports made by the FD, of which 60% were ALS and the remainder BLS. In spite of higher ALS transports, FY17 revenues were \$780,705, \$54,754 less than FY16. This is attributed to a change in payor mix resulting in lower net average collections. FY19 Budgeted ambulance revenues are \$820,000.

*Administrative Turnover:* The Department continues to experience turnover through retirements, including the Assistant Chief and Fire Inspector who retired in the last year. In anticipation of high turnover, the Department has hired new firefighters; however, the lag between hiring and Academy training will result in lower FTEs for the 1<sup>st</sup> quarter of FY19. Additionally, unanticipated retirements will further reduce FTEs. New firefighters will not be hired until accrued leave is paid out and there are sufficient funds for the new hires.

*Overtime:* If the Fire Department has less than its stated minimum shift of 11 necessary to respond, firefighters are called in on overtime to ensure that the equipment is fully staffed for any potential emergency. In FY17, Department overtime totaled \$685,576 or 12.2% of the FY17 suppression compensation. Overtime varies year to year based on the number of unanticipated departures, sick leaves, injuries, training and other reasons. In addition to these types of vacancies, current collective bargaining agreements allow for 5-6 of the 11 to be on personal leave, sick days or vacation during any shift. Between FY15 and FY17, personal leave hours averaged 23,831 (the equivalent of almost 12 FTES), of which an average 12,450 hours were charged to overtime per annum.

*Capital Expenditures:* The Department is requesting \$1.2 million from the Capital Budget Committee for additional repairs to the fire stations to address deficiencies in the building envelope that were discovered post insurance settlement. A \$654,000 request to replace the 2008 pumper engine has been deferred.

**FY19 Recommendations**

<b>Recommendation</b>	<b>Explanation</b>
Consider a longer replacement cycle for the department's apparatus and review the need for back up equipment.	There is a potential to reduce costs without affecting delivery of services by extending the period for purchase of new vehicles. Reserve equipment is expensive to maintain and use may not justify cost.
Work with Town Administrator on a review of technology assets and needs.	A town review of technology assets will allow the Department to 1) assess the ongoing technology needs of the Department and the level and type of ongoing support required, and 2) maximize the use of recent investments

Reallocate existing resources to meet EMS administration "ask".

in technology.

Towns with comparable EMS activity do not have dedicated EMS administrators. The Department's current level of staffing should be able to absorb any burden associated with increased ALS transports.

## Public Services

*Article 19G: That under Public Services, \$13,909,431 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

FY18	\$ change from prior year	% change from prior year	FY18 FTEs
\$8,355,766	\$403,001	5.1%	66.90

Note: Dollar amounts exclude water and sewer enterprise accounts, which are shown separately below.

#### Department Mission and 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, solid waste collection and disposal, street lighting, construction, and maintenance of vehicle fleet, forestry, grounds, deltas, parks, playing fields, cemeteries, water and sewer.

The Recreation Department is also a unit under the general direction of Public Works. Recreation provides Belmont residents with healthy, enjoyable and affordable activities regardless of age, gender or physical ability. Offerings include programming for the Underwood and Higginbottom Pools, Youth Summer Sports and Activities, School Year activities, the Skating Rink, Youth Spring, and Special Needs activities.

#### Budget by Program

The following table separates General Fund activities (DPW and Recreation) from Enterprise Fund activities (Water, Sewer, and Stormwater).

Program	FTEs	FTE %	Budget \$	Budget %
Administration	3.00	4.5%	\$354,711	1.4%
Street Maintenance	5.00	7.5%	\$743,626	3.0%
Central Fleet Maintenance	4.00	6.0%	\$621,775	2.5%
Forestry	1.00	1.5%	\$322,050	1.3%
Delta & Grounds	1.00	1.5%	\$79,460	0.3%
Solid Waste Collection & Disposal	1.60	2.4%	\$3,011,436	12.2%
Street Lighting	0.00		\$331,070	1.3%
Cemetery Maintenance	5.70	8.5%	\$510,830	2.1%
Parks & Facilities Maintenance	5.30	7.9%	\$573,944	2.3%
Snow Removal	0.00		\$761,465	3.1%
Recreation	15.90	23.8%	\$1,045,399	4.2%
<i>General Fund Subtotal</i>	<i>42.50</i>	<i>63.5%</i>	<i>\$8,355,766</i>	<i>33.8%</i>
Water Administration	2.00	3.0%	\$677,023	2.7%
Water Distribution	10.40	15.5%	\$6,380,444	25.8%
Sewer Maintenance	8.00	12.0%	\$8,816,156	35.7%

Stormwater Maintenance	4.00	6.0%	\$468,842	1.9%
<i>Enterprise Total</i>	<i>24.40</i>	<i>36.5%</i>	<i>\$16,342,465</i>	<i>66.2%</i>
Total	66.90	100.0%	\$24,698,231	100.0%

### Expense Analysis

The overall FY19 budget for Department of Public Works is slightly down -0.3% from FY18 due to projected declines in enterprise accounts of -\$477K offsetting a projected \$400K increase in the general account. The increases in the general account are mostly driven by a 13.6% increase in solid waste collection and disposal and a 4.4% increase in forestry services. Also mitigating the general account budget increase is a 9.2% decline in parks and facilities maintenance and a 5.0% decline in street lights. More detailed explanations of significant budget changes are highlighted in the table below.

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	\$ Prior Year	% Change	Explanation
Outside Processing-Recycle	\$105,000	\$0		Fees introduced for FY19.
Recycling	\$741,850	\$416,805	78.0%	No market value for recyclables to offset program cost.
Trash & Bulky Collection	\$1,079,710	\$1,148,930	-6.0%	Converting to automated collection will reduce costs.
P/T Salaries - Camps Program	\$104,354	\$126,441	-17.5%	Shift in focus to more successful programs with a reduction in summer sports and camps.
P/T Salaries - Summer Program	\$176,017	\$139,924	25.8%	Greater focus on programs at the pool.
Full Time Salaries - Parks	\$265,773	\$282,140	-5.8%	Changes in personnel led to salary savings.
Street Lighting	\$331,070	\$348,495	-5.0%	Reflects budgeting to recent experience.

### Requested Adds (not included in the budget above)

The tree warden has requested \$60K in addition to the 4.4% budgeted increase for forestry to address Belmont's aging trees. The additional money would be for 10 to 12 unusually large trees that require cranes for removal. Currently, the town administrator is investigating ways to fund this incremental request from state resources so as not to be an incremental budget item.

Seasonal help is being requested again to provide most necessary highway maintenance and to fill the voids for vacations. The DPW used to have six seasonal minimum wage positions that were last in place in 2005. For FY19, the department is looking for an additional \$35K to bring some seasonal help back.

For longer-term consideration, the DPW would like the Town to consider restoring several positions that have been lost over the years. The department staff has shrunk by approximately 40% in the last 25 years. This has resulted in delaying or deferring maintenance in a host of areas.

The department would like to restore a fleet mechanic position that was dropped about 5 years ago. The department services approximately 100 town vehicles and other equipment. Demands for timely maintenance and repair cannot be met with current staffing, which forces equipment and vehicles to be out of service for longer periods of time.

The DPW would also like to restore a Truck Driver/Garage Attendant position, whose responsibilities would include garage maintenance, snow plowing, and back-up for drivers that are ill or on vacation.

### **Special Analysis and Observations**

The report to this TM by the DPW/BPD Building Committee authorized by the November 2017 STM includes a schematic design and budget to address conditions at the DPW facility.

Changes in the DPW duties for FY19 include implementation of the new storm water regulations, new solid waste vendor and a new process, smart meter program and backflow prevention. For the new storm water regulations, an Illicit Discharge Detection and Elimination Plan was implemented in the fall of 2017 to identify sources of pollution in the storm drain system. This plan addresses the requirement of the EPA (Environmental Protection Agency) to eliminate illicit discharges to the storm water system, which includes identifying the source of pollution and making any necessary repairs. Every year, \$500K is provided to Community Development for storm water improvements which are then implemented by the DPW. All work follows DEP (Massachusetts Department of Environmental Protection) and EPA standards, requiring Belmont to be in compliance by May 15, 2022.

The Town has many trees approaching their useful life of 100 years. The 2016 drought and 2018 winter storms damaged many trees and required their trimming or removal. These two factors have put significant strain on the tree removal budget.

The new solid waste collection contract will provide a \$70K savings in FY19 by converting from manual to automated collection. Nonetheless, the budget for Solid Waste Collection and Disposal is increasing by about \$360K, or about 13.6%. This increase is the result of falling global prices for recyclables, which no longer provide revenue that in years past was an offset to collection cost. As a result, Belmont, like other towns, will begin paying the full cost for collection of recycling. Additionally, there is a new daily fluctuating processing fee for recycling which makes accurate budgeting more difficult. Overall the cost of recycling is now comparable to the costs for trash and yard waste collection and disposal. Please see the Solid Waste Collection and Disposable Special Study for more detail.

The Underwood Pool continues to be highly utilized and is a nice addition to the town. However, managing the pool is financially challenging due to the short length of the season and the relatively large number of lifeguards required. Fees and utilization should be examined periodically to try to ensure that costs are covered and a reserve for repairs is maintained.

As noted in the past, the Skip Viglirolo Skating Rink is past its useful life. However, the DPW is still responsible for maintenance and upkeep which is becoming ever more difficult. Recently the town upgraded some of the ice making equipment but this is a short-term fix. A contingency plan needs to be in place to secure ice time for when the rink completely fails.

There is continued remediation of the rodent problem at Joey's Park. The main root cause is trash and other waste left unprotected by users of the park. A three-month trial of a carry-in, carry-out policy will be implemented to try to eliminate the problem.

The Snow and Ice Budget for FY18 is over budget by \$458K due to the timing and severity of several storms. Before the March nor'easters the budget was over by \$200k due to the timing of storms over holidays and weekends, which inherently results in higher labor costs. The March storms brought significant snow and damage which added to the budget deficit. The deficit was covered from savings of \$110,500 realized elsewhere in the DPW budget and a transfer from the Warrant Committee reserve fund of \$347,623.

Because actual snow removal costs depend on the weather, it is allowed to incur a deficit. Most communities budget based on average weather and make up any short falls with funds from reserve funds and/or free cash.

Evolving changes to the CPA process has added to the duties of the department - especially its Director. This past year the Director has been heavily involved in the PQ Playground, Grove Street Park and Winn-Brook Tennis Courts Projects. Construction at PQ Playground this summer will need constant supervision, which will put added pressure on department resources.

In FY18, the Recreation Department implemented many recommendations from its strategic plan including an organizational realignment. Three part-time director positions were replaced with two full-time and one part-time staff. These new positions freed up time for the department's supervisor and coordinator to see the strategic plans through - from improving offerings by adding new popular sports programs to focusing resources on the current recreational needs of the town. The department is also implementing a new Field Use and Rental Policy to update rental fees and agreements.

### **FY19 Recommendations**

<b>Recommendation</b>	<b>Explanation</b>
Increase Forestry Services budget for the next several years	Given the number of aging trees in Belmont increase focus on the program to proactively take trees down to mitigate storm damage.
Continue working on contingency plan for if and when the rink fails	Since the building of a new rink is several years out a plan should be put in place for when the rink fails this includes additional budget to purchase ice time form nearby rinks
The DPW should continue to work with Major Capital Projects Working Group and other committees and boards to address the Department's physical plant.	The resourcing and infrastructure needs of the department will increase. Given the budget constraints of the town short-term solutions should be investigate to help mitigate some of these longer-term issues.

### **Special Study - Solid Waste Collection and Disposal**

During FY18 Belmont issued an RFP for collection of waste and recycling over FY19-23 and selected Waste Management as the new vendor. The contract switches to automated collection for trash and recycling. It also switches to "single stream" recycling method (rather than the current "dual stream" system). No RFP respondents proposed dual stream recycling, and thus the current dual stream approach could not be continued. DPW determined that automated collection would be less labor intensive and less expensive than manual collection. Under the new contract, each household will receive new carts for trash and recycling (64 gallon and 96 gallon respectively). Waste Management is providing the carts and their cost of approximately \$100 per household is built into the new collection contract.

The new contract sets fixed annual fees for collection of: 1) solid waste, 2) recycling, and 3) yard waste. The contract also sets new processing fees per ton for recycling and bulky waste.

In an effort to control costs, the new contract sets limits for trash to a 64 gallon cart and 1 bulky item per week. Residents have the option to buy overflow bags if they have more trash than will fit in the cart. The bags will be sold at a variety of stores in town for \$3.00 per bag.

The Board of Selectmen decided to continue paying for solid waste management through the general fund budget (as opposed to a “pay-as-you-throw” user fee system). They reserved the option to consider pay-as-you-throw in the future.

The recycling market has been disrupted by declining world prices for recyclables, changes in consumer habits (less print media consumption; greater delivery package consumption), and changes in packaging (e.g., greater use of light plastics with less recycling value). Yard waste collection has not been similarly disrupted so the contract price has been less affected.

In FY19 solid waste management is budgeted at a total of \$3,011,436 (about 12% of the DPW budget). This is an increase of 13.6% over FY18 because of the recycling factors just described. As shown in the chart below, the cost of trash collection is projected to drop 6% in FY19 as compared to FY18 (due primarily to automation). The cost of recycling collection and processing is projected to increase to \$846,850 in FY19, 103% over FY18. The cost of solid waste disposal, which is a separate cost from collection, increases by 2.5% under the existing Wheelabrator contract.

The following chart summarizes key data regarding Belmont’s solid waste and recycling program.

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Total Solid Waste Budget	\$2,476,686	\$2,439,265	\$2,610,016	\$2,650,348	\$3,011,436
Trash Collection	\$1,044,180	\$1,074,145	\$1,156,578	\$1,148,930	\$1,079,710
Recycling Collection	\$364,680	\$376,285	\$404,664	\$416,805	\$846,850
Trash Disposal	\$629,000	\$535,500	\$495,000	\$562,615	\$576,640
Trash Tons	7,367	7,341	7,304		
Recycling Tons	2,222	1,769	1,524		
Yard Waste Tons	3,401	4,008	3,302		

**Looking Ahead**

*New Waste Disposal Contract.* The Town’s waste disposal contract with Wheelabrator expires in 2020. The Town has begun a dialogue with Wheelabrator about this contract. It is likely that disposal costs will rise in the next contract.

*Reducing waste and recycling costs.* With the new collection contract in place, the Town can work on additional ways of mitigating solid waste costs. These could address, e.g., reducing the volume of bulky items, recycling more materials and recycling more effectively (i.e. not putting non-recyclables into recycling bins), composting food waste, and reduction/ reuse of materials.

## Community Development

### Budget Overview

FY18	\$ change from prior year	% change from prior year	FY18 FTEs
\$1,134,200	\$16,970	1.52%	10.13

#### Department Mission / Description of Services

Community Development (CD) consists of 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	3.00	29.7%	\$189,093	16.7%
Engineering	1.30	12.9%	\$273,738	24.1%
Inspection/Enforcement*	2.80	27.7%	\$387,329	34.1%
Planning	3.00	29.7%	\$284,040	25.0%
Total	10.10	100.0%	\$1,134,200	100.0%

\* includes \$90,000 for plumbing and gas and wiring inspectors shared with Watertown

#### Expense Analysis

The following budget line items changed by more than 5% and by more than \$10,000 from the prior year.

Line Item	FY19	\$ Prior Year	% Change	Explanation
Bldg Inspection - Prof/Tech Svcs	\$20,000	\$33,000	-39.4%	New sign bylaw did not require anticipated expenditure; budget cut

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

None.

#### Special Analysis and Observations

As a consequence of the override, starting in FY18, additional pavement management funds were a contributing factor in the BOS revising their policy to allow CD to include sidewalk and curbing on projects when appropriate.

CD has a very good, hardworking staff. It had experienced a fair amount of turnover in Inspection Services in the past but was successful this past year reclassifying the Inspection/Enforcement Officer position to make the salary more competitive.

The department will be going live with online permitting for a number of routine project types (roofing, siding, windows, etc.) on May 1, 2018.

CD will be the lead administrative entity working with the state and others to secure funding for construction of the Community Path. Planning staff will likely prepare the Request for Proposals for engineering services. CD will act as project manager, with the assistance of a consultant, during the design and construction of the path.

The snow removal bylaw has resulted in increased clearing of sidewalks during the wintertime, improving conditions, and thereby safety, for pedestrians. CD is in the process of educating citizens about the bylaw and issued 125 citations (largely warnings) in FY18, up from 33 in FY17.

Belmont residents should note that not all work on the roads is pavement management work, but rather can be projects being done by utilities such as National Grid to update infrastructure (see Grove and Clifton/Prospect Streets, as prime examples). These projects can take many months with poor driving conditions in the meantime. The utility company is responsible for restoring the road surface at the end of the project.

Finally, over the past decade or so, two different sets of override funding have enabled Belmont to make considerable progress in decreasing the backlog of road projects that need to be completed. Specifically, there was a backlog of \$41.3 million in road projects in 2007. As of 2018, the backlog has decreased by 43% to \$23.6 million. Indeed, factoring in inflation, the 2007 backlog has dropped by more than half, or 53%.

## Facilities

### Budget Overview

	<b>\$ change from</b>	<b>% change from</b>	
<b>FY19</b>	<b>prior year</b>	<b>prior year</b>	<b>FY19 FTEs</b>
\$4,419,465	\$42,125	0.96%	29.55

#### Department Mission / Description of Services

*Mission and Services:* The 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 %	FY18 Budget		FY19 Budget	
			\$	%	\$	%
Personnel & Admin	1.30	4.4%	\$720,038	16.4%	\$691,615	15.6%
General Services	0.00		\$150,400	3.4%	\$148,400	3.4%
Utilities	0.00		\$1,652,485	37.8%	\$1,734,363	39.2%
Utilities Conservation	0.00		\$216,030	4.9%	\$216,030	4.9%
Building Maintenance	27.35	92.6%	\$895,387	20.5%	\$968,057	21.9%
Supplies & Equipment	0.00		\$394,000	9.0%	\$611,000	13.8%
Major Building Repairs	0.90	3.0%	\$349,000	8.0%	\$50,000	1.1%
<b>Total</b>	<b>29.55</b>	<b>100.0%</b>	<b>\$4,377,340</b>	<b>100.0%</b>	<b>\$4,419,465</b>	<b>100.00%</b>

#### Requested Adds (not included in the budget above)

The department wishes to find a home in one central location.

#### Special Analysis and Observations

This year the department has suffered because of many staffing changes, including the department Director's retirement, the Supervisor of Contracts accepting a new position and the departure of the Building Maintenance Supervisor. To fill this void, the Assistant Town Manager stepped in as Interim Director for the first part of calendar 2018. In April the Town appointed a new Director of the Facilities department.

In spite of the staffing deficiencies, the department performed well throughout the year; the backlog in internal work orders has been reduced and the department has been instrumental in completing several projects, including procuring modulars and site work for utilities for the Burbank Elementary School and completing the Harris Field Press Box.

The maintenance staff consists of five full-time tradespersons/technicians, 18 full-time custodians and four part-time custodians. The custodians assigned to the school buildings are carried under the school's budget.

The consolidation of the School Department and Town Buildings in 2013 is now substantially complete, although a few vestiges remain, such as the separate union contracts for custodians. The department has successfully implemented the so-called House Doctor program, giving them ready-access to expeditiously outsource specialized engineering, architectural, electric, plumbing, mechanical design services required for major repairs/maintenance.

The line-by-line breakdown of the budget in past years has been skewed because of the on-going consolidation of the Town and the School Departments maintenance. The chart above shows significant realignment of the budget to the particular line items, the largest being reducing major building repairs from \$349,000 to \$50,000 this year and concomitantly allocating larger amounts to other line items for repairs such as roofing patches, lighting, plumbing, interior/exterior envelope work. The budget comparing fiscal 18 to fiscal 19 only increased \$42,125 or 0.96% but the changes in the line items are significant as shown above.

## Minuteman

*Article 19F: That under Minuteman Regional School, \$846,771 be raised and appropriated.*

### Budget Overview

FY18	\$ change from prior year	% change from prior year	FY17 Belmont Enrollment
\$846,771	(\$63,414)	-6.97%	22

Belmont’s assessment has decreased almost 7% primarily because of a decrease in enrollment from 28 to 22 students. Minuteman’s FY19 budget is increasing 11.4%, or \$2.2 million, over FY18. Most of the increase, 68%, is in the capital portion of the budget and relates to the new building project. The increase in the operating portion of the budget is only 3.8%, primarily due to salary and benefits increases. Belmont is exempt from paying a share of the new building costs in FY19, due to its vote to leave the district effective July 2020. If Belmont had voted to remain, its additional capital assessment would have been \$170,027.

#### 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 16 on-going career and technical training areas, such as carpentry, plumbing, culinary arts, early education, 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 revolving fund 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 \$	\$ change from prior year	% change from prior year
Administration	\$1,439,785	(\$68,215)	-4.5%
Student Instructional Services	\$9,821,058	\$320,927	3.4%
Student Services	\$1,942,355	\$39,867	2.1%
Operation & Maintenance	\$1,795,723	\$22,303	1.3%
Insurance, Retirement, Leases	\$2,994,697	\$227,429	8.2%
Community Services	\$100,000	\$0	0.0%
Asset Acquisition & Improvements	\$410,360	\$137,737	50.5%
Debt Service	\$2,636,163	\$1,480,614	128.1%
Tuition Payments	\$20,000	\$0	0.0%
Total	\$21,160,141	\$2,160,662	-1.4%

The increase for Asset Acquisition & Improvements is due primarily to replenishment of the Stabilization Fund, which provides for furniture and capital equipment. The increase in Debt Service owes to the new high school building, for which Belmont is not contributing under the revised district agreement.

### **Special Analysis and Observations**

*Belmont's Membership:* Belmont's Town Meeting voted to leave in the Minuteman Regional Vocational District on October 19, 2016. The vote triggered an exit process that will end Belmont's membership in the District on July 1, 2020 if approved by the state Commissioner of Education. Until then, Belmont pays an annual assessment based on factors such as a 4-year rolling average of enrollment and relative community wealth. While it remains a member, Belmont will not pay for construction of a new Minuteman school building, which was approved by 69.5% of District member voters in a special election on September 20, 2016. Belmont students enrolled prior to termination of Belmont's membership will be permitted to continue in their programs and graduate from Minuteman. New Belmont enrollments as a non-member town will be possible if space permits. As a non-member town, Belmont will be charged a per student capital fee comparable to the average per student capital assessment paid by member towns, which erases some of the difference between what member and non-member towns pay.

While current enrollment trends suggest the availability of future space for Belmont students, it is not guaranteed and depends on demand from other towns, both member and non-member. The new high school building is expected to be ready for occupancy by fall 2019, a year ahead of schedule. The Minuteman administration expects greater demand for spaces in the new facility. In the meantime, the Belmont School Superintendent has formed a working group to review alternatives and make recommendations about how to meet Belmont's future vocational education needs.

*Enrollment Trends:* The current total enrollment at Minuteman is comprised of 538 high school students, down 44 students from the previous year. The decrease in overall high school enrollment is directly related to the multi-year impact of the 2016 decision by the state Department of Elementary and Secondary Education (DESE) to mandate an exploratory first year for 9th graders in their home school districts for districts offering five or more state-approved vocational education programs. For instance, Boston, Medford and Waltham can no longer send freshmen to Minuteman, and the total Minuteman high school enrollment from these three municipalities alone has decreased by 37 students. With a target capacity of 628 students for the new high school building, the October 2017 freshmen class size of 145 is 7.6% below the new building target of 157 per class.

*Non-Member Tuition Students:* Non-member towns pay a tuition rate set by DESE. While out-of-district tuitions are less than the total per-pupil cost for each member town, non-member towns must provide their own transportation and pay a surcharge for special education students, costs that are built into the assessments charged member towns. Beginning in fiscal year 2020 with the new high school building completed, non-member towns also will be charged a capital fee for the new high school building.

### **Belmont and the District's Future**

For the past several years, the Minuteman Regional Vocational District has been under pressure from: (i) declining enrollment from member towns; (ii) a governance structure that Belmont and other member towns found unsatisfactory; (iii) an aging building in need of repair or replacement; (iv) a State mandated funding environment financially favorable to non-member towns; and (v) the adoption of DESE regulatory changes (in 2016) that limit 9<sup>th</sup> grade enrollment from non-member town enrollments with approved vocational educational exploratory programs.

The District-wide vote by residents of member towns on September 20, 2016 authorized the District to construct a new building. The total \$144.9 million capital cost for the project will be offset by a \$42.6 million state grant from the Massachusetts School Building Authority. The remainder of the capital cost will be paid for by member and non-member towns, as DESE has issued regulations permitting Minuteman to charge non-member towns substantially the same capital cost as member towns. If Belmont enrolls students in Minuteman following the effective date of its withdrawal from the District (July 1, 2020), it will pay a prorated share of capital costs based on those students. The cost differential between member and non-member towns could largely disappear if Minuteman achieves full enrollment with the new facility.

In FY19, Belmont saves \$170,027, which would have been the capital assessment for the new building if Town Meeting had not voted to exit the Minuteman District. Belmont will realize similar savings in FY20. Belmont students will be able to continue to enroll in Minuteman in FY21 and beyond, provided space is available. Belmont to date has not established alternatives to Minuteman in the event of a space constraint.

## Belmont Public Schools

Article 19E: That under Belmont Public Schools, \$56,985,592 be raised and appropriated.

### Budget Overview

FY19	\$ change from prior year	% change from prior year	FY19 FTEs
\$56,985,592	\$4,016,108	7.6%	492.09

The School Department is responsible for K-12 education of all Belmont children and also for preschool inclusion services. It 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, and also manages an adult education program.

### Overview

There are five key observations as we approach FY2019:

- (1) Persistently strong enrollment growth continues to pressure the school budget.
- (2) No other department in town has experienced a similar surge in demand for services.
- (3) Special Education costs remain high and difficult to predict accurately.
- (4) Recently settled labor contracts are competitive with surrounding communities, and yet, continue to grow compensation costs faster than revenue growth.
- (5) Careful management of the 2015 override funds provides continued support for School Department spending in the coming year, one year beyond the three years originally planned for the override funds (FY16-FY18).

This chapter will look at the proposed General Fund budget request for FY19, and then take a broader look at the FY19 School Department operating budget, considering other sources of funds in addition to the General Fund appropriation. We also examine Belmont's dramatic enrollment growth in comparison to neighboring communities and offer an analysis of the recently settled 2018-2020 labor contracts.

Finally, we offer several conclusions and recommendations for the years ahead. Based on current projections, it will only be a few years before the 2015 override will no longer support school spending growth. At that point, the community will again confront the question of whether or not subsequent budgets can handle rising enrollments within the Town's existing revenue base, or whether an operating override or curtailment in spending growth (or both) will be required.

### The General Fund Budget

Town Meeting will vote a General Fund appropriation for the schools, and the FY19 budget approved by the School Committee ties specific expense accounts to General Fund revenue. The expense accounts are organized under six major programs. The following table shows the FY18 and FY19 budgets and budgeted Full Time Equivalent ("FTE") staff positions that will be funded by the General Fund.

### The General Fund Budget

Program Category	Budget \$			FTEs	
	FY18	FY19	% chg.	FY18	FY19
Regular Instruction	20,653,620	22,285,736	7.9%	249.51	255.52
Special Instruction	14,173,585	15,111,445	6.6%	126.84	123.30
Student & Instructional Services	5,827,821	6,486,039	11.3%	48.06	51.64
Operations	976,034	1,116,992	14.4%	18.80	19.30
Leadership & Administration	3,353,843	3,546,693	5.8%	40.92	42.32
Allowances & Benefits	7,984,581	8,438,687	5.7%	0.0	0.0
<b>TOTAL</b>	<b>52,969,484</b>	<b>56,985,592</b>	<b>7.6%</b>	<b>484.13</b>	<b>492.09</b>

#### The FY19 Budget and the 2015 Override

The 2015 override was intended to support school and town services for FY16-FY18, with the hope that its impact might sustain spending through FY19 and FY20. It now appears that the five-year horizon will be achieved. In its first three years (FY16 through FY18) the school’s portion of the override has helped fund services such as:

- 20 new FTE (full-time equivalent) teachers in classrooms, allocated across all grades as follows:
  - 7 elementary school FTEs,
  - 5.4 FTEs at the middle school,
  - 5.6 FTEs at the high school, and
  - 2.0 English Language Learner FTEs working across all grades
- 2 new buses, bringing the total of in-district buses up to 8
- increased funding within the budget for materials and supplies
- increased funding within the budget to meet rising special education expenses

It is important to note that, although the increases above clearly helped the school system address the rapid increase in students over the last decade (as shown in the table below), the increase in the overall staffing levels in the School Department since the 2015 override has still lagged the growth in enrollment over the same period. The number of FTEs supported by the General Fund has increased 5.7% from FY15 to FY18, while enrollment during the same period rose 7.3%.

It is also important to note that, even with the override, several programs and services available in the recent past have not been restored to the school system. Examples include the elimination of Grade 5 foreign language, reduction of Grade 6 foreign language, reduction of elementary instrumental music, and imposing a cap on the permitted number of classes students can take at the high school. In addition, the level of family fee requirements for busing, sports, and extracurricular activities remain high.

The FY19 budget adds another 9.0 new FTEs<sup>1</sup> to help address continuing enrollment pressures:

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<sup>1</sup> *Discrepancy between the additional 9.0 FTEs noted here (and in School Department presentations) and the +7.96 FTE difference between the FY19 and FY18 General Fund Budgets is due to slight changes in the number of staff that often occur over the course of a year. The FY19 budget is constructed midway through FY18 (~ January 2018), and the actual cohort at that time was in some cases different than what was included in the FY18 Budget (which was developed from the roster present a year earlier).*

- Elementary: 1.00 Classroom Teacher, 0.10 Physical Education Teacher, 0.60 Guidance Counselor, 0.10 Special Education Teacher, 0.20 Music Education Teacher
- Middle School: 2.0 Classroom Teachers, 1.00 Administrator
- High School: 2.5 Teachers
- District-wide: 1.00 English Language Learner Teacher

Again, however, this increase in staffing levels still lags the projected year-over-year increase in enrollment. In FY 19, the total staffing level is projected to increase by 1.6%, while enrollment is expected to grow by 2.3%.

### Continuing Pressure from Increasing Enrollment

The primary driver of the increase in the School Department budget over the past decade has been the steady and relentless growth in enrollment across the school system. As the table below shows, total K-12 enrollment has grown in nine of the last ten years. Total enrollment over that 10-year period has increased by 820 students, or 22%, and has been pervasive across all three levels of the system – elementary, middle, and high school. Moreover, the trend of increasing enrollment has actually accelerated over the past five years, with 65% of the student growth occurring in the last five years.

To perhaps help put the enrollment increases in perspective, at an average class size of 25 students, the School Department has added the equivalent of over 21 new classes of students during the last five years and almost 33 classes of students during the last ten years. Said differently, over the past ten years, the Belmont school system has grown by the equivalent of more than the total enrollment of the Burbank and Butler schools combined, with the enrollment growth in the last five years alone equating to about 1.5 times the enrollment of each of those schools.

It is also worth noting that this increase in enrollment has a space impact as well as a budget impact. To meet the growing enrollment, the School Department has had to repurpose space that was not designed for classroom use to serve as classroom space and has installed 10 modular classrooms at the Chenery Middle School and Burbank.

**10-Year Enrollment Growth By Grade Cohort**

Year	Grade K-4	Grade 5-8	Grade 9-12	Total K-12
2017-18	1,812	1,421	1,294	<b>4,527</b>
2016-17	1,784	1,357	1,264	<b>4,405</b>
2015-16	1,733	1,323	1,245	<b>4,301</b>
2014-15	1,699	1,285	1,236	<b>4,220</b>
2013-14	1,686	1,268	1,183	<b>4,137</b>
2012-13	1,634	1,240	1,120	<b>3,994</b>
2011-12	1,601	1,211	1,083	<b>3,895</b>
2010-11	1,558	1,204	1,104	<b>3,866</b>
2009-10	1,600	1,184	1,119	<b>3,903</b>
2008-09	1,489	1,140	1,162	<b>3,791</b>
2007-08	1,450	1,101	1,156	<b>3,707</b>
<b>5-Yr. Growth Rate</b>				
#	178	181	174	<b>533</b>
%	11%	15%	16%	<b>13%</b>

10-Yr. Growth Rate				
#	362	320	138	<b>820</b>
%	25%	29%	12%	<b>22%</b>

Source: MA DESE Enrollment by Grade Reports

### English Language Learners and Special Education Students

In addition to looking at the overall growth in enrollment, it is useful to look at two particular subgroups of students – English Language Learners (ELL) (defined as students whose first language is not English and who are unable to perform ordinary classroom work in English) and Special Education students (defined as students who have an Individualized Education Program, or IEP). These two subgroups require additional and more costly services, many of which are state and Federal mandates.

As the table below shows, while the percentage of Special Education students has generally remained relatively stable over the past 10 years at between 9% and 11% of the total student body, the percentage has increased somewhat during the past five years. Consequently, the 24% increase in Special Education students during the last five years is almost double the 13% growth in overall enrollment during the same period.

The table below also shows the number of Special Education students who are enrolled in facilities outside of Belmont. (If the district cannot meet a student’s needs internally, Belmont is required to find a placement that can meet those needs.) This is the most costly segment of the Special Education population. And, while the percentage of Out-of-District (OOD) students has remained relatively stable at between about 21% and 23% of the total Special Education population, over the past five years, the percentage of OOD placements has risen slightly. Consequently, OOD enrollment has grown by 34% during the past five years, which is almost one and a half times the 24% increase in total Special Education students during the same period.

Even more pronounced than the increase in Special Education students, the number of English Language Learners in the student population has increased dramatically in the last five years, more than tripling in number (from 105 students to 336 students) and almost tripling as a percentage of the overall student body (from 2.6% to 7.3%).

The growth in these two segments of the student population has exacerbated the pressure on School Department costs beyond the pure increase in the total number of students alone.

### English Language Learner and Special Education Enrollment

Year	English Language Learners		Special Education Students		Out-of-District SPED Students	
	#	%	#	%	#	%
2017-18	336	7.3%	486	10.4%	107	22.0%
2016-17	279	6.2%	458	10.0%	104	22.7%
2015-16	257	5.9%	444	10.0%	98	22.1%
2014-15	225	5.3%	405	9.3%	93	23.0%
2013-14	173	4.1%	394	9.2%	83	21.1%
2012-13	105	2.6%	391	9.5%	80	20.5%

2011-12	106	2.7%	397	9.9%	N/A	--
2010-11	107	2.7%	398	10.0%	N/A	--
2009-10	92	2.3%	436	10.8%	N/A	--
2008-09	113	2.9%	470	11.9%	N/A	--
2007-08	101	2.7%	503	13.1%	N/A	--

5-Yr. Growth Rate			
#	231	95	27
%	220%	24%	34%
10-Yr. Growth Rate			
#	235	(17)	N/A
%	233%	(3%)	--

Source: MA DESE Enrollment by Selected Populations Reports and Belmont School Dept.

### Growth Rates of Spending and Town Revenues

As previously noted, the proposed FY 19 School Department General Fund budget is increasing by 7.6%. To look at the types of spending that contribute to the overall growth, the next table uses one of the school department's categorization methods to allocate the total General Fund budget growth across different functional categories:

#### Contribution to Total General Fund School Budget Increase

Category	FY19 \$	% increase over FY18	Share of % increase in total GF Budget
Base Salary and Wages	37,258,778	5.8	50.9
Health Insurance	7,323,637	16.4	25.7
Substitutes; stipends for staff & curriculum dev; custodial OT	1,556,959	28.6	8.6
SPED Tuitions	5,113,095	7.0	8.3
Operating Expenses	2,115,817	5.4	2.7
SPED Transportation	1,291,993	7.0	2.1
SPED Contract Services	1,193,804	7.0	1.9
Equipment	229,501	7.4	0.4
Other Benefits	902,008	-1.6	-0.4
<b>TOTAL</b>	<b>56,985,592</b>	<b>7.6</b>	<b>100.0</b>
<i>'Strategic Plan-based Cost Drivers (SPCDs)</i>			
<i>(+9.0 FTEs, add'l texts, materials, supplies, equipment and replacement furniture)</i>			
	828,366		
<b>TOTAL excluding SPCDs</b>	<b>56,157,226</b>	<b>6.0</b>	

This table prompts several observations:

Three-quarters of the total 7.6% increase is related to compensation and benefit expenses. The first line, Base Salary and Wages, accounts for half of the overall increase of 7.6%. About 30% of this increase is

due to the addition of 9 FTEs in FY19 to address continued enrollment growth. Nonetheless, without the 9 new FTEs, base salary and wage costs are increasing 4.0% compared to FY18. While, as shown later in this report, this cost increase is in line with that experienced in comparable neighboring communities, it is larger than the 3% to 3.5% revenue increases that we can expect from year to year, thereby placing inexorable pressure on Belmont’s ability to maintain level services.

The cost increase for the town-wide health insurance plan has a significant impact on the school budget. After last year’s jump of 9.6%, we had expected future increases to be more in line with the historical average. But as shown in the table above, total health insurance costs are projected to climb 16.4% in FY19, reflecting average premium increases of 11% and additional FTEs. Health insurance accounts for 25% of the total increase in the School Department’s General Fund budget.

Finally, the line below the main table identifies the impact of the additional items in the FY19 budget that the School Department identifies as “Strategic Plan Cost Drivers” – the nine FTEs to address increased enrollment, additional textbooks, materials and supplies, and equipment and replacement furniture. These new items account for about 20% of the FY19 budget increase.

The last line in the above table shows a “level services” increase in the general fund budget of 6.0%. If health insurance claims return to more typical levels, this growth likely will drop closer to 4 - 4.5% in future years.

**The Consolidated Budget – All Funding Sources**

In FY 19, the appropriation from the General Fund accounts for 87% of the total school revenue. The remaining 13% of the School Department revenues are provided through myriad other state and federal grants and by various user fees.

Included in the General Fund appropriation is approximately \$8.9 million of Projected Chapter 70 state aid, which represents about 16% of the School Department’s General Fund revenues. In FY 19, Chapter 70 state aid is projected to increase by 14%, as a result of a recent change to the state funding formula. This means that the share of the School Department General Fund budget funded through other local revenue sources, such as property taxes, is growing more slowly than overall budgeted expenditures.

In FY 19, the projected revenue from other grants and user fees is also expected to grow at a rate in excess of the overall expenditure growth rate – specifically, by 24%. This increase in other sources of revenue is primarily attributable to an increase in the state “Circuit Breaker” reimbursement for costly special education tuition payments, increased after-school activity and athletic participation collections, and afternoon kindergarten tuitions.

<b>Funding Source</b>	<b>FY2018</b>	<b>FY2019</b>	<b>% chg.</b>	<b>Description</b>
<b>GENERAL FUND APPROPRIATION</b>				
Chapter 70 State Aid for Education	7,800,233	8,891,225	14.0%	The final amount available will not be known until the state budget is approved
Other General Fund Sources	45,169,251	48,094,367	6.5%	Includes property taxes, local receipts, and state aid
<i>ALL GF SOURCES: 52,969,484 56,985,592 7.6%</i>				
Appropriation to be voted by Town Meeting				

**GRANTS**

"Circuit Breaker"	1,614,845	1,919,111	18.8%	State grant that partially reimburses high cost SPED tuition expenses
Individual with Disabilities Education Act (IDEA)	1,009,496	1,036,135	2.6%	The primary federal grant to help fund special education
Early Education and Care (EEC)	27,066	20,000	-26.1%	Support for Pre-K SPED programs
SPED Improvement METCO program & transportation	22,365	0	100.0%	State grant program development
Title I	553,842	573,634	3.6%	State grant for METCO
Title IIA	145,369	128,209	-11.8%	Federal grant to promote literacy through wellness
Title III	66,505	64,581	-2.9%	Federal grant, professional development
Grant from Town	60,210	47,807	-20.6%	Federal grant to support English Language Learners (ELL)
	35,000	35,000	0.0%	Payment from Town for tech support
<b>ALL GRANTS:</b>	<b>3,534,698</b>	<b>3,429,279</b>	<b>8.2%</b>	

### REVOLVING FUNDS

Full Day Kindergarten	812,086	969,696	19.4%	Tuition for afternoon session
Pre-Kindergarten	143,557	97,279	-32.2%	Participant fees
Lunch Programs	946,166	975,191	3.1%	Intended to cover full costs
BHS and CMS Athletics	492,731	596,083	21.0%	Participant fees
Bus transportation	252,000	252,000	0.0%	Fees cover less than half of costs
Building Rental Fees	185,900	185,900	0.0%	Pays for building expenses
Other User Fees	692,692	781,822	17.0%	Eight other funds
<b>ALL REVOLVING FUNDS:</b>	<b>3,499,232</b>	<b>3,857,971</b>	<b>10.3%</b>	

### TOTAL,

<b>ALL FUNDING SOURCES</b>	<b>60,003,414</b>	<b>64,668,040</b>	<b>7.8%</b>	
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*(Note that private grants and gifts from the Foundation for Belmont Education, the PTOs/PTAs, the "Friends of ...." fundraising groups, and local businesses are not included unless paid into a school district revolving fund.)*

### Spending Categories, for All Funding Sources

Using information from all funding sources, the next table looks at total spending grouped by service and support categories:

	Budget FY18	Budget FY19	FY18-19 % chg.	FTE FY19
DIRECT EDUCATIONAL SERVICES				
1 Regular Instruction	22,020,988	23,795,256	8.1%	282.2
2 SPED Instruction	6,916,318	7,225,291	4.5%	99.5
3 Substitutes	511,875	772,959	51.0%	2.1
4 SPED Out of District Tuitions	7,340,434	8,145,841	11.0%	-
5 English Language Learners	786,274	904,611	15.1%	11.2
6 Pre K	800,628	804,041	0.4%	13.8
7 Adult Education	45,000	45,000	0.0%	-

8	Benefits Allocation	4,342,226	4,916,208	13.2%	
		42,763,743	46,609,207	9.0%	408.8
STUDENT SERVICES					
9	Athletics	878,893	1,041,087	18.5%	1.0
10	Student Activities	180,550	242,704	34.4%	0.3
11	Guidance	1,072,884	1,161,699	8.3%	13.6
12	Psychological Services	650,680	643,415	-1.1%	7.2
13	Health Services	752,637	814,638	8.2%	9.0
14	Library	291,059	308,549	6.0%	6.0
15	METCO	339,341	400,834	18.1%	5.7
16	Benefits Allocation	452,171	513,907	13.7%	
		4,618,215	5,126,833	11.0%	42.7
EDUCATION SUPPORT					
17	Curriculum Development	250,423	265,827	6.2%	1.6
18	Staff Development	293,128	293,873	0.3%	1.0
19	Benefits Allocation	28,908	31,510	9.0%	
		572,459	591,210	3.3%	2.6
20	Building Administration	2,141,101	2,302,285	7.5%	32.3
21	Central Administration	1,241,642	1,273,308	2.6%	10.3
22	Contract Allowances	773,662	213,042	-72.5%	-
23	Operations	1,136,034	1,276,992	12.4%	19.3
24	Technology	1,343,808	1,465,159	9.0%	11.0
25	Food Service	946,166	975,191	3.1%	18.6
26	In District Transportation	576,000	591,000	2.6%	-
27	SPED Transportation	1,207,470	1,291,993	7.0%	
28	METCO Transportation	180,600	187,800	4.0%	-
29	Health Insurance for Retirees	1,556,212	1,663,565	6.9%	
30	Benefits Allocation	946,302	1,100,455	16.3%	
		12,048,997	12,340,790	2.4%	91.5
	TOTAL ALL CATEGORIES	60,003,414	64,668,040	7.8%	545.6
	TOTAL GENERAL FUND	52,969,484	56,985,592		492.1

In this table we see several significant changes in budget allocations from FY18 to FY19:

**Substitutes (line 3):** The FY19 increase stems from:

- 2.0 FTEs assigned as “floating substitutes” at the Chenery Middle School (not included in the FY18 budget, although the hiring occurred in September 2018);
- Daily substitutes instituted at the high school to cover short-term teacher absences per the new 2017-2020 Unit A labor contract (discussed in more detail below); and,
- an adjustment to reflect higher-than-anticipated recent expenditures (the substitute line is typically hard to forecast since actual spending on long-term substitutes depends on whether an absent teacher is on a paid or unpaid leave).

**English Language Learners (line 5):** Net increase of 1.23 FTEs plus higher average compensation costs explain the increase of \$118,337 (see detailed explanation above).

**Benefits Allocations (lines 8,16,19,30):** Higher headcount plus 11% town-wide increase in health insurance costs drive these lines up.

**Athletics (line 9):** The General Fund allocation to high school athletics is \$65,596 higher in FY19, and the projected spending from revolving funds is \$103,352 higher. Stipends for coaches increased for the first time in more than six years per the new 2017-2020 Unit A labor contract.

**Student Activities (line 10):** The General Fund allocation to middle school extracurricular activities is \$22,979 higher in FY19, and the projected spending from middle school revolving funds is \$26,029 higher. Stipends for student activities advisors also increased for the first time in over six year per the new 2017-2020 Unit A labor contract.

**METCO (line 15):** The METCO grant received in FY18 was greater than projected in the FY18 budget. The increase from the actual FY18 grant to the amount projected for FY19 is 6.3%.

**Building Administration (line 20):** The addition of a new middle school administrator drives the increase in this line.

**Operations (line 23):** The FY19 overtime and summer helper line items in the Buildings and Grounds budget were increased in recognition of the actual costs charged to the line items over time.

**Technology (line 24):** An additional FTE is added in FY19 in the Network Management group.

**Special Education Out-of-District Tuitions**

Out-of-district (OOD) tuitions have a meaningful impact on the budget because of their magnitude, unpredictability (both in amount and timing), and rate of growth. Actual OOD expenditures often exceed budgeted amounts because it is difficult to anticipate the absolute number of placements and the level of required services.

As an example of this volatility, actual tuitions exceeded budgets in FY15 and FY16 by more than \$669,000 and \$607,000, respectively. However, in FY17, actual tuitions were \$184,000 less than budgeted. Additionally, OOD tuitions grew at a compounded annual growth rate of 7.6% between FY15 and FY17 and are budgeted to grow 11% between FY18 and FY19. These budgetary pressures are partially offset by state and federal funding sources, as detailed below.

**Out-of-District Tuitions and Funding Sources**

	Actual FY15	Actual FY16	Actual FY17	Budget FY18	Budget FY19
<b>OOD Tuition Costs:</b>					
LABBB and MA Public	\$ 2,892,339	\$ 3,369,959	\$ 3,535,822	\$3,514,825	\$ 3,900,863
Private Tuitions	\$3,044,309	\$ 3,146,521	\$ 3,339,005	\$3,675,609	\$ 4,084,478
Out of State Tuitions	-	-	-	\$ 150,000	\$ 160,500
<b>Total OOD Tuitions</b>	<b>\$5,936,648</b>	<b>\$6,516,480</b>	<b>\$ 6,874,827</b>	<b>\$7,340,434</b>	<b>\$ 8,145,841</b>
<b>Funding Sources:</b>					
General Fund		\$ 4,444,471	\$ 5,016,176	\$ 4,778,593	\$ 5,113,095
Circuit Breaker		\$ 1,156,283	\$ 905,051	\$ 1,614,845	\$ 1,919,111
IDEA		\$ 915,727	\$ 953,601	\$ 946,996	\$ 973,635

LABBB tuition credits	-	-	-	\$ 140,000
<b>Total Funding Sources</b>	<b>\$6,516,481</b>	<b>\$6,874,828</b>	<b>\$7,340,434</b>	<b>\$ 8,145,841</b>

The Circuit Breaker account is the largest source of external funding for OOD tuitions. It represents state funds that partially reimburse school districts for large OOD tuition expenses that might otherwise overwhelm a school district’s budget. The reimbursement level varies year to year based on the amount of total statewide district “claims”, as well as the absolute dollar amount appropriated by the state to the Circuit Breaker account. (The state legislature has some discretion in making the Circuit Breaker appropriation.) The amount a school district receives is based on the prior year’s actual expenses and is paid in the subsequent year, which can result in a funding gap when tuition expenses increase year over year.

The Department of Elementary and Secondary Education (DESE) allows school districts to carry forward some or all of the Circuit Breaker funding for one year, as a buffer against unexpected tuition expenses. Prior to the 2015 override, Belmont School Department budgets were stretched such that there was not an opportunity to carry forward any of the Circuit Breaker funding to use as a cushion for unanticipated tuition expenditures. Instead, variances from budget were funded by freezing or reducing other General Fund budget lines or petitioning for reserve funds.

The 2015 override initially allowed the District to make progress towards its goal of systematically building towards the maximum Circuit Breaker carry-over balance of one year’s worth of reimbursement. This policy goal is important to smooth budget changes across fiscal years and avoid deficits based on lags in state circuit breaker funding. As shown in the table below, after a peak of \$1,107,242 in FY17, the School Department anticipates that the carry-over balance will decline in FY20 as budgets tighten.

**State Circuit Breaker Usage and Carryforwards**

	<b>Actual FY16</b>	<b>Actual FY17</b>	<b>Actual FY18</b>	<b>Estimated FY19</b>	<b>Estimated FY20</b>
Prior Year Carryforwards	\$29,234	\$324,629	\$1,107,242	\$1,052,519	\$733,517
Plus Receipts	\$1,451,678	\$1,687,664	\$1,523,913	\$1,600,109	\$1,680,114
Less Amount Expended	(\$1,127,049)	(\$580,422)	(\$471,394)	(\$866,592)	(\$1,545,472)
<b>Carryforward Amount</b>	<b>\$324,629</b>	<b>\$1,107,242</b>	<b>\$1,052,519</b>	<b>\$733,517</b>	<b>\$134,642</b>

IDEA grants are federal funds allocated to states for the education of students with disabilities. Each state then distributes the grants to school districts based on a formula. Belmont’s share of IDEA grants has been relatively stable, with modest increases in some years. However, this past stability cannot be assumed to be an indicator of future federal funding levels.

Finally, as a member of the LABBB collaborative (along with Lexington, Arlington, Bedford, and Burlington), Belmont pays tuition to LABBB for each student and earns tuition credits when the collaborative’s revenues exceed its expenditures. In the past, these credits have been paid out to district members on an ad hoc basis determined by the LABBB board, and, therefore, are not included in the annual budget. Recently, DESE determined that LABBB should distribute current cash on hand and tuition credits to member districts. Of its \$435,823 in accumulated credits, Belmont will use \$152,535 of these credits to fund LABBB tuitions in FY18. In an effort to try to smooth out the usage going forward,

the School Department has projected that it will use \$140,000 in FY19 and \$143,000 in FY20. However, it is possible that DESE will require that the entire \$283,000 be used in FY19.

**LABBB Credit Usage and Carryforwards**

	<b>Actual FY16</b>	<b>Actual FY17</b>	<b>Actual FY18</b>	<b>Estimated FY19</b>	<b>Estimated FY20</b>
Beginning Balance	\$648	\$152,535	\$435,823	\$283,288	\$143,288
Plus New Credits Earned	\$151,887	\$283,288	\$0	\$0	\$0
Use Of Credits From Prior Yr	\$0	\$0	\$152,535	\$140,000	\$143,000
Ending LABBB Credit Balance	\$152,535	\$435,823	\$283,288	\$143,288	\$288

Last June, Town Meeting approved an article to establish a Special Education Reserve Fund that could be funded through the School Department budget and that would be accessible upon separate votes of the School Committee and the Board of Selectmen. This Special Education Reserve Fund, which is different from the existing, but unfunded, Special Education Stabilization Fund, has the potential to serve as a cushion against unforeseen special education expenses, and is an alternative (or supplement) to carrying forward positive balances in the Circuit Breaker account. Given the projected declining balances in the Circuit Breaker account, the School Department and School Committee propose to leave the Special Education Reserve Fund unfunded at the present time.

**Recent Settlement of 2018-2020 Labor Contracts**

School department employees belong to one of eight groups, five of which are represented by unions. Contracts with each of the five unions expired in FY17 and were renegotiated in FY18 to cover the three-year period of FY18-20. Settlements have been reached with each of the five units and four contracts have been ratified. (Unit C should be ratified in the next month.)

The School Department’s principal goals for the new contracts were: 1) to keep cost of living adjustments at or below the level recommended by the Financial Task Force, as well as within range of similar towns’ school departments; and, 2) to maximize student time with teachers. (The second goal motivated certain adjustments in the substitute staffing policies of the Department as well as in contract adjustments to personal days.)

Unit A represents teachers, nurses, counselors, etc. That unit has approximately 330 employees as of FY18, or about 62% of the School Department employees. The new contract with Unit A provides for annual increases (COLA) of 2% in FY18, 2% in FY19 (1% effective on Day 1 and 1% effective Day 91), and 2% in FY20. The School Department estimates that Unit A members on average will receive a 4.45% salary increase in FY19.

A significant aspect to the Unit A contract is the incorporation of daily substitute teaching into Belmont High School. Currently BHS does not use daily substitute teachers, meaning that when a teacher is absent, students have unplanned free blocks and receive no instruction during those blocks. This has been an academic and safety concern of the administration for several years. According to the School Department, it is not consistent with practice at other area high schools

The extracurricular component of Unit A increased coaches’ and advisors’ stipends by \$149,558. (Research indicates the coaches’ stipends are among the lowest in the region and have not been

adjusted in over ten years.) Student fees cover a portion of sports and extracurricular activities' costs. The fee schedule is expected to remain unchanged for FY19.

Unit D represents aides, classroom assistants, monitors, and substitutes and has approximately 95 employees in FY18, or about 18% of the School Department. The new contract with Unit D provides for annual increases of 2% each of the three years, FY18-20.

Unit B represents certain senior teachers and leaders in the School Department (about 3 % of employees). The new contract alters slightly the approach to merit pay.

Unit C represents secretaries. The new Unit C contract is not yet ratified.

Finally, the School Department's AFSCME contract for custodians and maintenance workers (19 employees) contains annual raises of 2% for each year, FY18-20.

**SPECIAL ANALYSIS: Enrollment Trends in Nearby Communities**

The table below shows the current enrollment and the five- and ten-year enrollment growth for Belmont and nine other nearby Boston-area communities that are roughly similar in profile to Belmont. As the table shows, two communities – Watertown and Burlington – have had flat or declining enrollment over the last ten years. The other eight communities have all experienced enrollment growth during this period. However, of the eight communities (including Belmont) experiencing growing enrollments, Belmont had the second highest growth rate (after Arlington) over both the 10-year and 5-year horizon. Moreover, excluding Arlington, over the past five years, Belmont's enrollment growth rate has been about double the average of the remaining communities that have experienced enrollment growth.

### 5- and 10-Year Enrollment Growth By Town

Town	2017-18 Enrollment	5-Year Growth		10-Year Growth	
		#	%	#	%
<b>Belmont</b>	<b>4,527</b>	<b>533</b>	<b>13.3%</b>	<b>820</b>	<b>22.1%</b>
<b>Neighboring Suburbs</b>					
Arlington	5,626	777	16.0%	1,156	25.9%
Lexington	7,175	697	10.8%	979	15.8%
Watertown	2,452	(91)	(3.6%)	90	3.8%
Winchester	4,573	267	6.2%	665	17.0%
<b>Neighboring Cities</b>					
Newton	12,703	594	4.9%	1,200	10.4%
Waltham	5,453	511	10.3%	849	18.4%
<b>Nearby Suburbs</b>					
Bedford	2,605	125	5.0%	272	11.7%
Burlington	3,426	(80)	(2.3%)	(188)	(5.2%)
Needham	5,583	198	3.7%	594	11.9%

Source: MA DESE Enrollment by Grade Reports

It is also illuminating to look at the trends over time in the percentage of Special Education and ELL students in the same set of nearby communities.

As the table below shows, Belmont has the lowest overall percentage of Special Education students of any of the ten communities. As the table also shows, over the past ten years, six of the ten communities, including Belmont, experienced a decline in Special Education students, measured as a percentage of total enrollment. However, over the past five years, eight of the ten communities, including Belmont, have seen a subsequent increase in the percentage of their students on IEPs.

Belmont currently has the fourth highest percentage of ELL students among the ten communities, roughly comparable to Lexington (although well behind Waltham and Watertown). Belmont has also experienced one of the highest increases in the ELL percentage. Waltham has the largest percentage of ELL students and also had the largest relative increase.

**5- and 10-Year English Language Learner and Special Education Enrollment  
(% of Total Enrollment)**

Town	% ELL Students			% Special Ed Students		
	2007-08	2012-13	2017-18	2007-08	2012-13	2017-18
<b>Belmont</b>	<b>2.7%</b>	<b>2.6%</b>	<b>7.3%</b>	<b>13.1%</b>	<b>9.5%</b>	<b>10.4%</b>
<b><u>Neighboring Suburbs</u></b>						
Arlington	3.8%	5.0%	4.8%	16.1%	14.3%	15.3%
Lexington	3.8%	5.3%	7.6%	16.4%	13.8%	13.3%
Watertown	9.6%	9.0%	13.0%	18.2%	20.8%	20.6%
Winchester	2.2%	3.9%	3.5%	15.0%	14.9%	16.9%
<b><u>Neighboring Cities</u></b>						
Newton	5.6%	6.3%	7.0%	18.8%	19.5%	19.6%
Waltham	9.6%	12.2%	22.2%	22.5%	22.7%	15.9%
<b><u>Nearby Suburbs</u></b>						
Bedford	1.1%	4.0%	6.1%	19.0%	15.9%	16.9%
Burlington	2.2%	1.7%	4.8%	14.1%	12.7%	13.2%
Needham	0.9%	1.3%	3.0%	12.4%	13.5%	16.8%

Source: MA DESE Enrollment by Selected Populations Reports

**SPECIAL ANALYSIS: Unit A Contract Settlements in Nearby Communities**

As noted above, Unit A represents teachers, nurses, and counselors, and is the largest bargaining unit for all school districts. The table below shows that Belmont’s recently negotiated cost of living adjustments are in line with recent settlements in surrounding communities:

	<b>Contract Term</b>	<b>Cost of Living Adjustment (COLA)</b>
BELMONT	2017-2020	2%; 2% (1% effective on Day 1 and 1% effective on Day 91); 2%
<b><u>Neighboring Suburbs</u></b>		
Arlington		Currently in negotiations
Lexington	2015-2018	2%; 2.25%; 3% if implement an elementary world language program in SY 2017-18, 2% if not.
Watertown	2016-2019	2.25%, 2%, 2%
Winchester	2016-2019	2 %; 2% on Day 1 and 0.5% on the last day of Year 2; 2.5% on Day 1 and 0.25% on the last day of Year 3
<b><u>Nearby Suburbs</u></b>		
	<b>Contract Term</b>	<b>Cost of Living Adjustment (COLA)</b>
Bedford	2018-2020	2%, 2.5%, 2%
Burlington	2014-2017	2%, 2%, 2%, 1.5% in 2017-18
Needham	2016-2019	1.5%, 2%, 2.25%
Wayland	2017-2020	2%, 2.25%, 2.25%
Weston	2016-2019	2%, 2%, 2%

## Conclusions and Recommendations

**Belmont has experienced a substantial surge in demand for School services – an increase in demand unlike any other Town Department.** Belmont’s unrelenting enrollment growth continues to pressure the school budget and require an increasing share of overall Town resources just to keep pace with providing students with level services. The analysis of neighboring communities reveals that Belmont’s enrollment growth exceeds the growth in most other communities.

**The trend of increasing enrollments throughout the system is expected to continue for the foreseeable future.** According to an updated enrollment forecast that the School Department had commissioned by McKibben Associates in March 2018, total enrollment throughout the system will continue to grow each year for another eight years, peaking at just over 5,000 students in the 2025-26 school year. That represents an increase of about 400 students, or just under 10%, from current enrollment levels. This expected annual increase in total system-wide enrollment will continue to impose above-inflationary cost pressures on the School Department for the foreseeable future.

**Soaring enrollment also puts pressure on capital expenditures.** To date, the Town has funded 10 modular classrooms at the Chenery and Burbank Schools. Should Belmont not approve a debt-exclusion for a new Grade 7-12 complex, significant additional capital outlays for modular space will likely be needed. (Note, however, that this is neither a straightforward nor a desirable solution. Finding suitable locations such for modular space will be a challenge, and ongoing accreditation issues may remain with the BHS building.)

**Growth in Special Education costs is high and difficult to predict accurately.** For the first time in many years, the 2015 override allowed the School Department to carry forward a healthy balance in state Circuit Breaker funds. This balance helps the school system absorb unanticipated increases in out-of-district (OOD) tuitions that arise during the school year. But, these balances will gradually be drawn down as the School Department relies on Circuit Breaker funds to supplement General Fund contributions towards OOD tuitions. To the extent that space constraints are eased with a new campus for grades 7-12, there may be opportunities to bring some Special Education programs in-district, which could both benefit students and reduce costs.

**Considering the step-and-lane system, cost of living increases, and turnover, Belmont is experiencing about a 4% annual increase in overall base salary and wages.** In the new FY18-FY20 contracts, the School Department and School Committee successfully met their goals of keeping cost of living adjustments at or below the level recommended by Belmont's Financial Task Force, and maximizing student time with teachers (with some adjustments to substitute staffing policies as well as contract adjustments to personal days). The resulting 4% growth in base salary and wages is reasonable in comparison to neighboring communities and yet is larger than Belmont’s sustainable level of revenue growth. As long as this is the case, Belmont will find itself with significant budgetary pressure, such that either additional revenue will be required (likely in the form of future overrides) or services will have to be curtailed.

**Existing town assets also offer opportunities to generate new revenues and a School-Town partnership is key to unlocking this potential.** The School Department and the Town Administrator should continue to work together to create and implement a plan to increase utilization of existing town/school facilities and generate revenue to help pay for the operating and capital expenditures related to these assets. Currently, Belmont is forgoing revenue opportunities because there is no

cohesive plan that allows town and non-resident groups to use school-based facilities (after giving priority to high school athletes and organizations). As an example, Harris Field, while used heavily by school teams, is not fully scheduled during off-peak hours, on weekends, and during the summer. Turf fields are in demand, both by Belmont organizations and by non-resident leagues and camps. An agreement to schedule and rent such space could potentially raise around \$100,000 to offset annual debt service for the field.

**Development of an updated 3-5 year financial plan for the Town and Schools is critical.**

Increased enrollment, rising and unpredictable mandated special education costs, and contractual labor costs will continue to put increased pressure on School Department budgets and town resources in the next few years as the 2015 override will no longer support spending growth.