



Belmont, MA
Town of Homes

FY2024 Budget Summit IV

February 8, 2024





Presentation Overview

- Overall Budget Challenges
- Town Budget Presentation
- School Budget Presentation
- Revenue Review
- Use of Free Cash
- 3-Year Plan - FY2025 to FY2027
- Questions



Key Points for Consideration

- Growing expenses and constrained revenue growth since FY2021 have led to a continuously growing budget deficit
- The Town has restructured its departments through "smarter, faster, better" efforts
- \$8.4M override request is on the April 2nd Ballot
- 3-year financial plan will cap annual growth rates

Town 2½%

Schools 5%

Shared Services 2½%



Budget Challenges

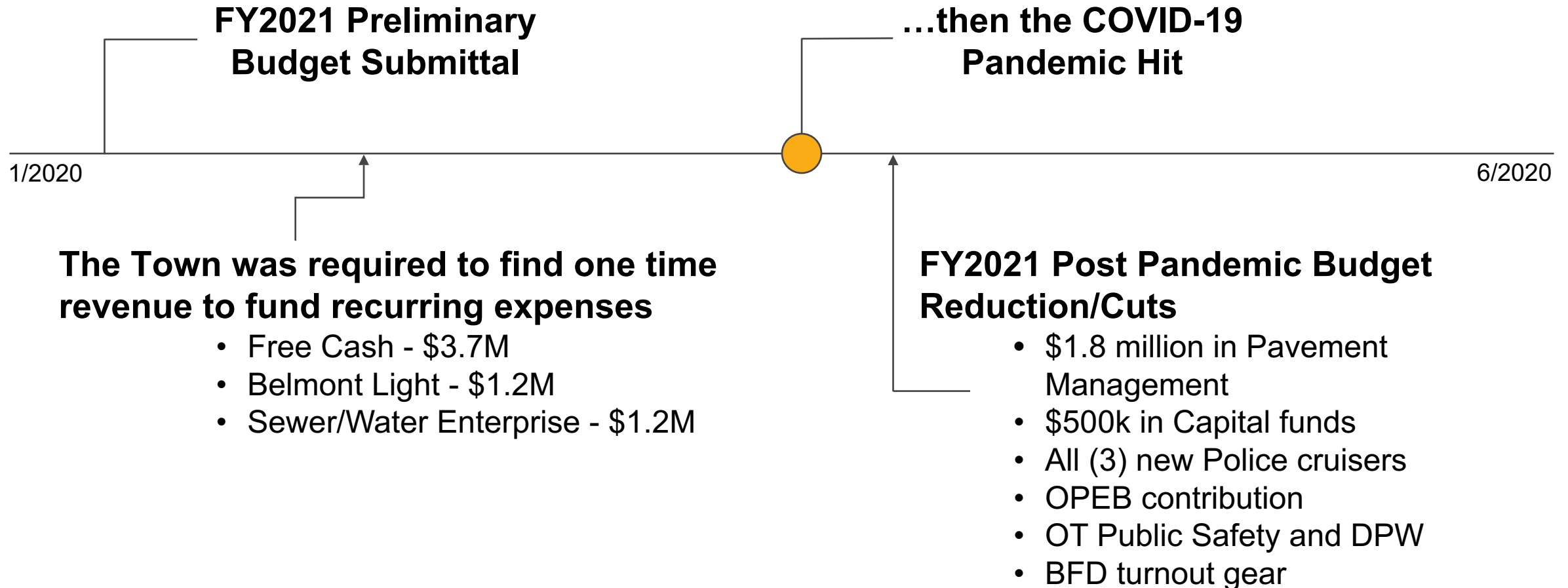
- Belmont is experiencing rising fixed costs, inflation, and collective bargaining pressures
- Belmont is experiencing limited new growth and increasing demand for services
- There simply isn't enough recurring revenue to pay for the services Belmont residents currently receive
- Belmont has consistently used one time funds to pay for recurring expenses

Town Meeting/Electorate supported Debt Exclusions, for the BMHS, Rink, and Library, are financial obligations separate from the Operating Budget



FY2025 Fiscal Summit IV

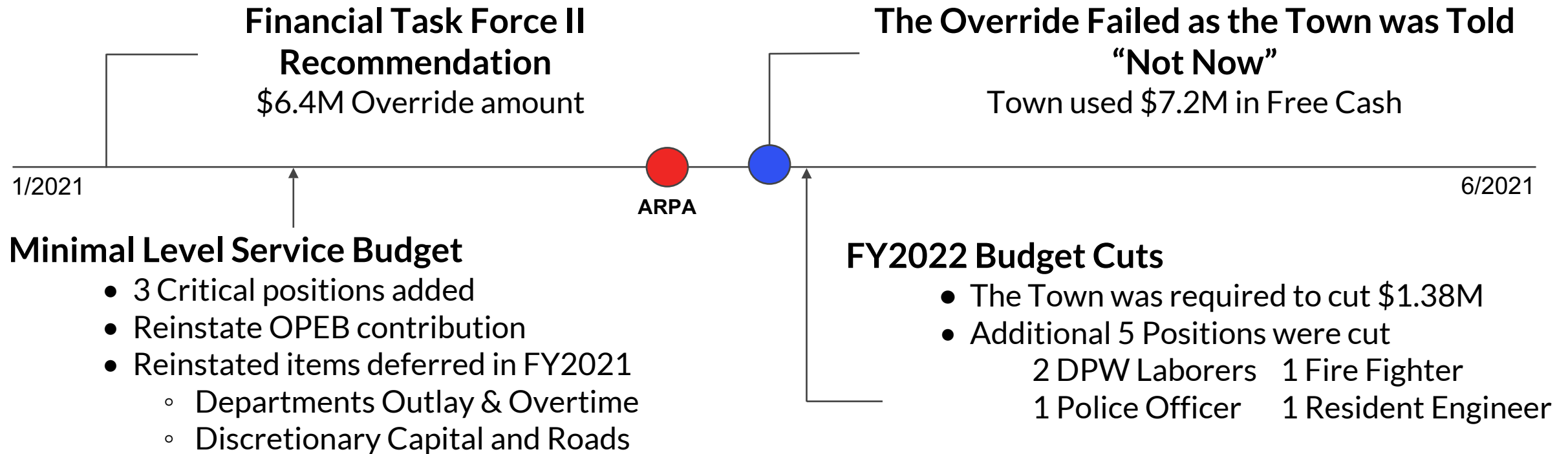
During the FY2021 Budget Process It Became More Apparent that Belmont had a Revenue Problem...





FY2025 Fiscal Summit IV

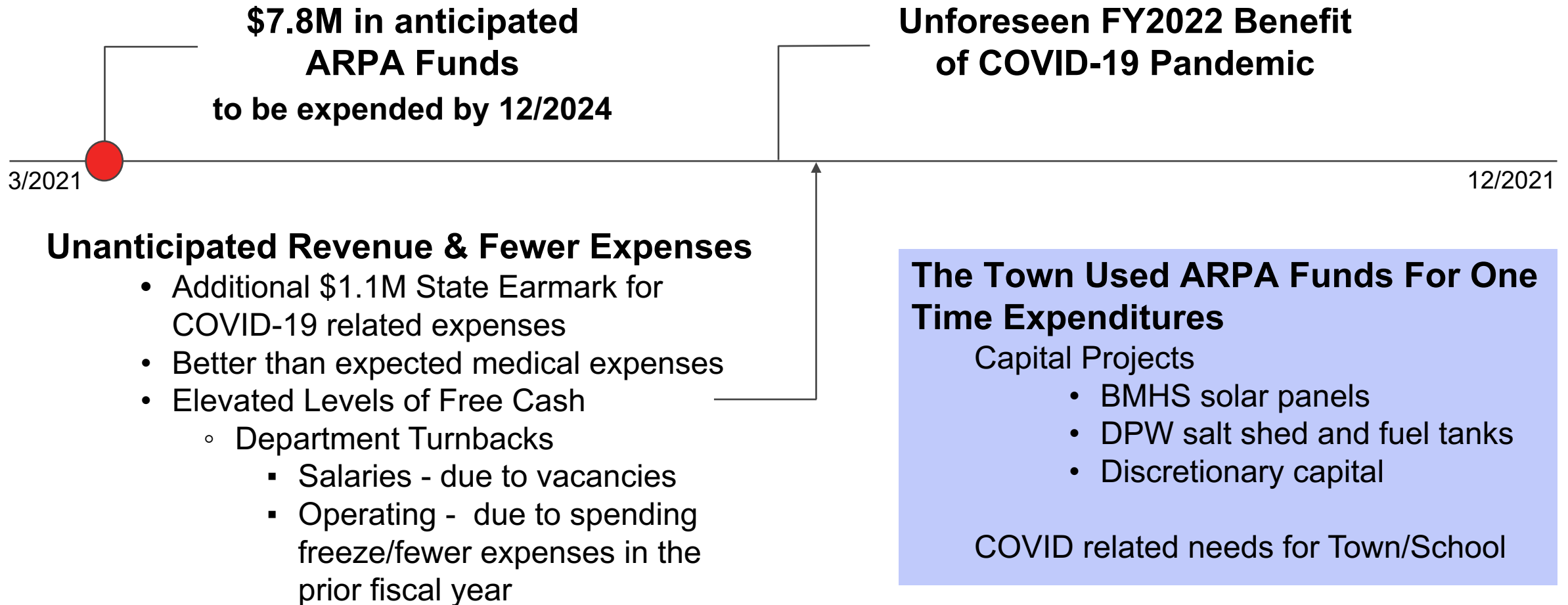
It was Decided in FY2022 the Town Would Ask the Residents for an Operating Override





FY2025 Fiscal Summit IV

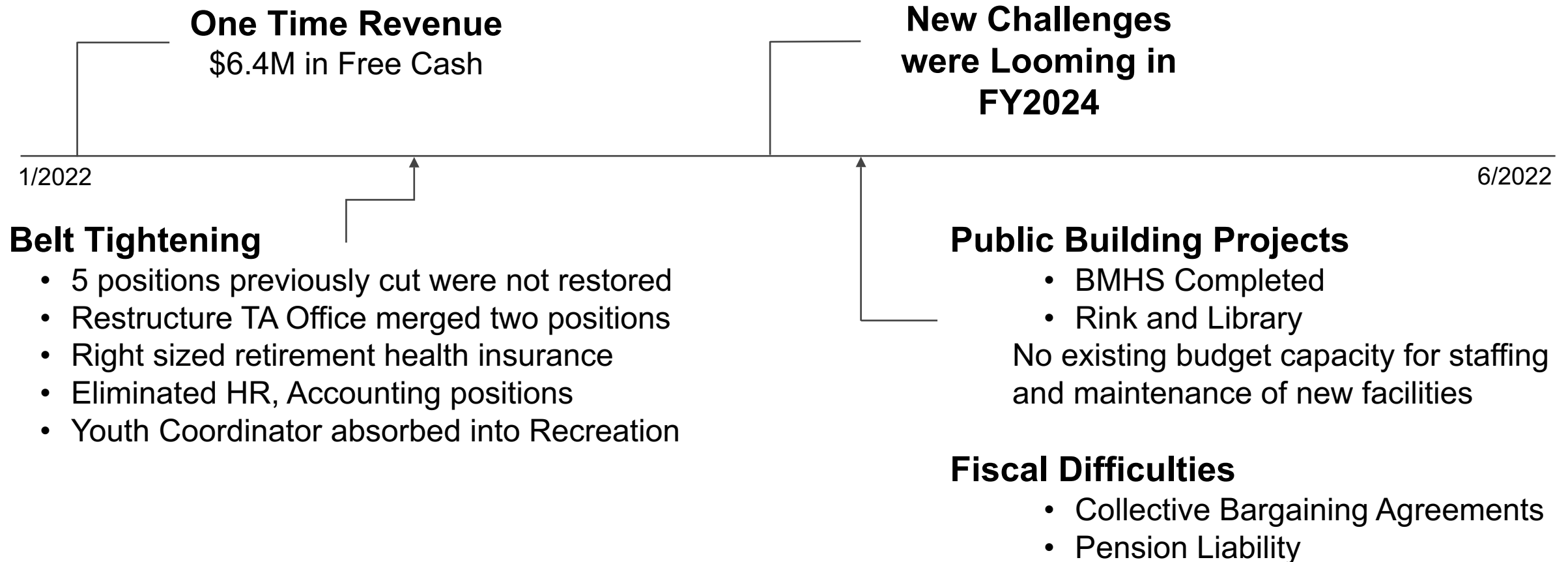
In 2021 (FY2022) the Town Received An Unexpected One Time Payment





FY2025 Fiscal Summit IV

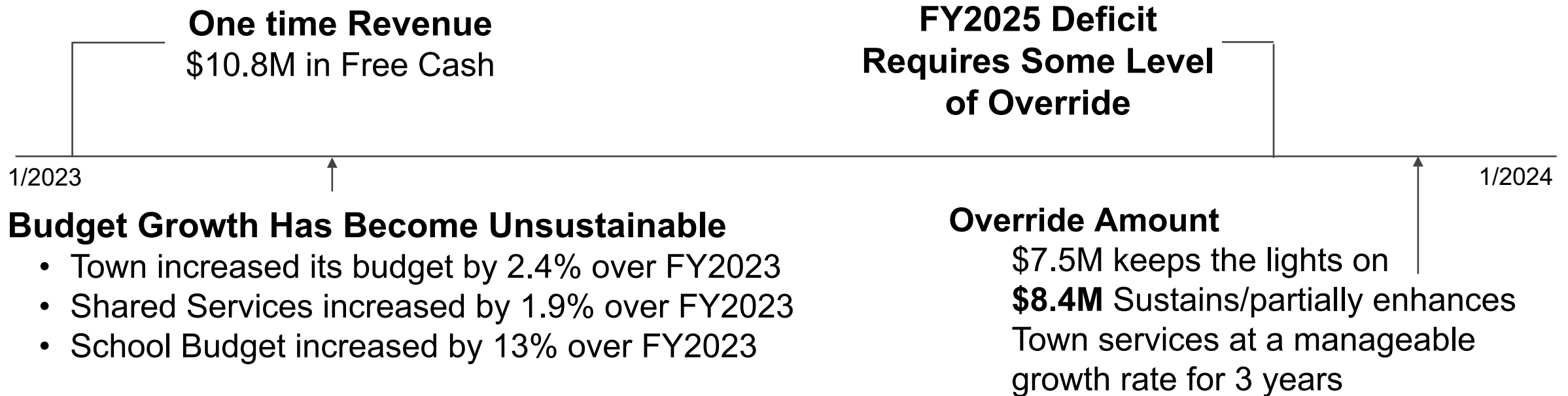
FY2023 Continued the use of One Time Funds as Fixed Costs Increased more than 2.5%





FY2025 Fiscal Summit IV

In FY2024 We Approached the Edge of the Cliff



The Town has controlled its budget each year, resulting in the ability to maintain its growth within Prop 2½. Without an override, the Town will be facing cuts over the next two years of approximately \$2.1M.



FY2025 Fiscal Summit IV

FY2025 Override Budget Benefits

\$8.4M Operating Override

- Adds \$250k for Sidewalks
- Adds Two Positions
 - Facilities Project Manager
 - Rink Manager
- Retains Level Services
 - Continues age friendly services and programs
 - Manages contract increases for services
 - Maintains Health insurance costs for employees and the Town
 - Allows Town to put funds into reserves for Operating/Capital Budget FY2026/FY2027

FY2025 No Override Impacts

\$800k in cuts for Municipal Departments

- **A total of 4.6 FTEs Eliminated - \$300k**
 - Public Safety - 1.5 FTEs
 - Health - 1.5 FTEs
 - COA - 1.6 FTEs
- **Service Impacts - \$500k**
 - DPW
 - Reduces Yard Waste pickup
 - Adds Charge for Bulky
 - Health
 - Eliminates Animal Control Officer
 - Eliminates Shared Social Worker
 - Public Safety
 - Defunds Public Safety Equipment
 - General Government
 - Eliminates DEI Initiatives



FY2025 No Override Impacts - TOWN SERVICES DETAIL

FY2025 Reductions/Eliminations - \$800k

- Yard Waste pickup reduced from 23 weeks to 16 weeks
- Less animal control enforcement
 - Off leash dogs
 - Licensing and vaccinations
 - Response to wild animal calls
- No social worker services for seniors and other Town wide mental health needs
- Eliminate support services for public/private DEI initiatives



FY2026 Override Budget Benefits

\$8.4M Operating Override

- Adds \$250k + 2.5% for Sidewalks
- Adds Staff, staying within 2.5% growth
 - DPW
 - Skating Rink/Sports Facility
 - Economic Development
- Retains Level Services
 - Continues age friendly services and programs
 - Manages contract increases for services
- Allows Town to put funds into reserves for Operating/Capital Budget FY2027

FY2026 No Override Impacts to be Considered

\$1.3M in cuts for Municipal Departments

- A total of 8+ FTEs Eliminated
 - Fire Department - 8 FTEs
 - Finance Office - 1 FTE
- Cuts in services
 - Trash/Recycling Pickup
- Reduces/Eliminates Fire Station
- Reduces/Eliminates Library operations or programs
- Implements Town Wide Hiring Freeze
- Combines Polling Locations



FY2026 No Override Impacts - TOWN SERVICES DETAIL

FY2026 Reductions/Eliminations to be Considered - \$1.3M

- Fire Department
 - Emergency response time is increased
 - Loss of ambulance revenue
- Town funded curbside trash pick up eliminated
 - Fee based collection
- Library loses Minuteman accreditation once their budget falls below the state minimum threshold (MAR)
 - Ends participation in regional library network
 - State Aid impacted



Town Budget Summary

- The Town has controlled costs by restructuring departments, evaluating delivery of services, right sizing and merging school and Town employee benefits
- As a result the Town can maintain its growth within Prop 2½ with an \$8.4M Operating Override with a tax impact of \$74 for \$100k assessed value
- The use of one time funds created an unsustainable deficit
- If the override fails Annual Town Meeting will be presented with a budget that is reduced the Town by \$800k in FY2025
- In FY2026 an additional \$1.3M will need to be cut



School Budget Presentation



Capital Budget Benefits from Override

A balanced approach to Capital budgeting utilizing additional override funds

- Adds an additional \$250k sidewalk maintenance
- Allows annual appropriations into the newly created Capital Stabilization Fund

Capital Fund Current Balance: \$763k

With or without a successful override several projects are rolling off the debt schedule creating opportunities to fund some future Capital projects.



Revenue Challenges

- Property Taxes remains largest source of revenue for the Town
- Local Receipts and state aid are next largest source
- The Town continues to look for ways to increase recurring revenue

Ambulance Receipts

Zoning Changes

McLean Zone 3

Recreational Marijuana

Restaurant Permitting



Multi-Year Forecast - Revenue and Expense Summary

Revenue Budget (\$M) based on Budget Summit I Estimates	FY23 Actual	FY24 Estimated	FY25 Projected	FY26 Projected	FY27 Projected
Existing Property Tax Levy	\$ 102.79	\$ 106.32	\$ 109.84	\$ 113.44	\$ 117.14
Proposed Operating Override	\$ —	\$ —	\$ 8.40	\$ 8.61	\$ 8.83
State Aid	\$ 12.86	\$ 14.61	\$ 14.77	\$ 14.96	\$ 15.15
Other Revenue Sources	\$ 9.64	\$ 7.98	\$ 6.37	\$ 6.40	\$ 6.43
Use of Free Cash for OPEB	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55
Use of Free Cash / Reserves	\$ 5.41	\$ 9.70	\$ 5.58	\$ 2.45	\$ 2.45
Use of Override Mitigation Fund	\$ —	\$ —	\$ —	\$ 0.92	\$ 2.82
Total Available Revenue	\$ 131.25	\$ 139.16	\$ 145.51	\$ 147.33	\$ 153.37



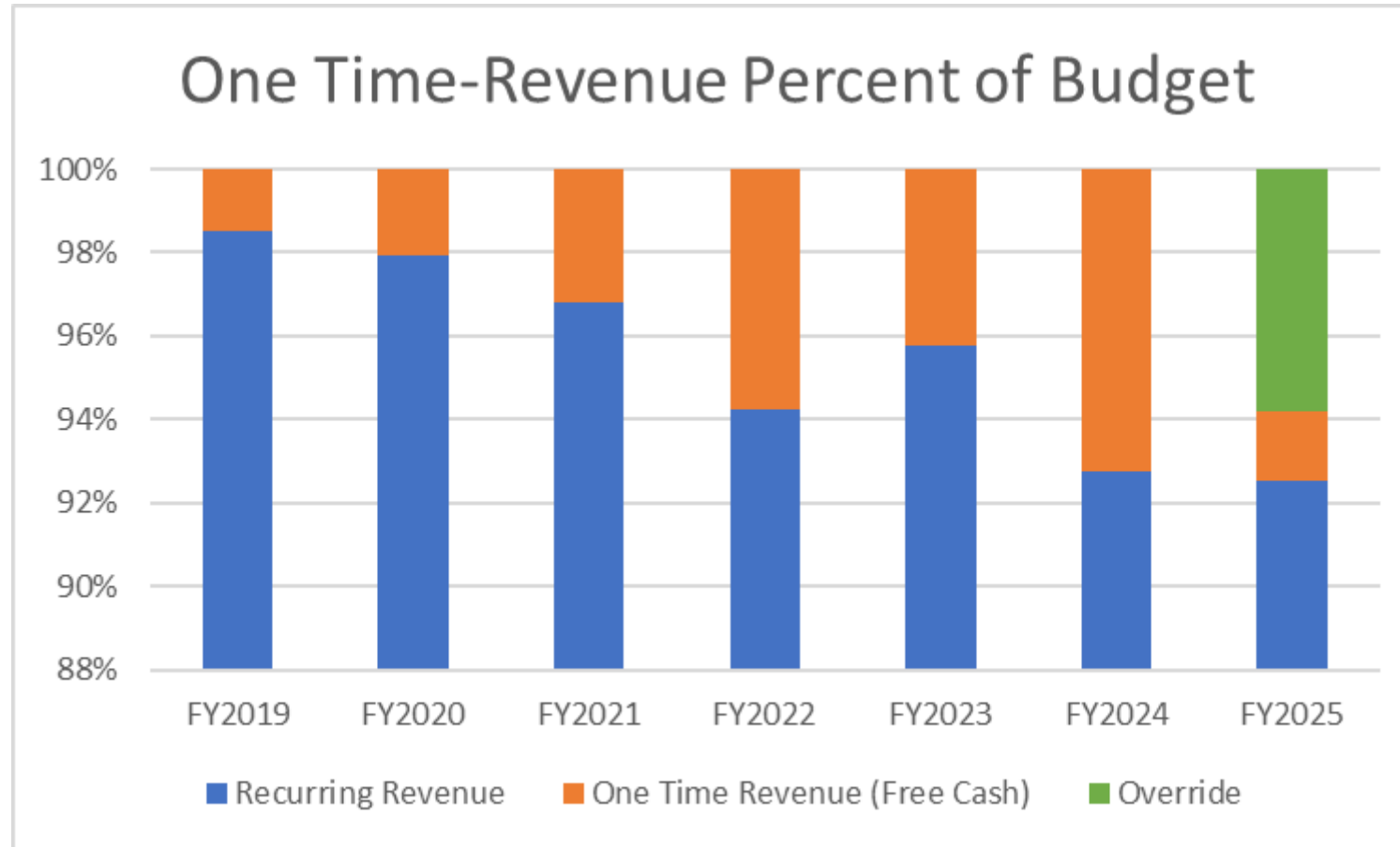
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Expense Budget (\$M)	FY23 Actual	FY24 Estimated	FY25 Projected	FY26 Projected	FY27 Projected
Schools Salaries	\$ 45.35	\$ 48.20	\$ 50.80	\$ 53.50	\$ 56.28
Schools Non-Salary Special Ed	\$ 7.67	\$ 11.82	\$ 12.65	\$ 13.53	\$ 14.41
Schools Operating Expenses (non-OOD)	\$ 2.88	\$ 2.87	\$ 3.49	\$ 3.60	\$ 3.72
Schools SPED Reserves Replenish	\$ —	\$ 0.60	\$ —	\$ —	\$ —
Total Municipal	\$ 32.47	\$ 33.31	\$ 33.38	\$ 34.21	\$ 35.06
Total Facilities	\$ 6.32	\$ 7.52	\$ 7.58	\$ 7.75	\$ 7.92
Total Benefits	\$ 25.48	\$ 26.21	\$ 26.40	\$ 27.43	\$ 28.50
Total Other Shared Expenses	\$ 1.25	\$ 3.37	\$ 1.56	\$ 1.60	\$ 1.64
Override Mitigation Fund	\$ —	\$ —	\$ 4.06	\$ —	\$ —
Total Capital Related Expenses	\$ 5.08	\$ 5.25	\$ 5.34	\$ 5.46	\$ 5.58
Additional Discretionary/Sidewalks Capital			\$ 0.25	\$ 0.25	\$ 0.25
Total Expense	\$ 126.50	\$ 139.15	\$ 145.51	\$ 147.33	\$ 153.36

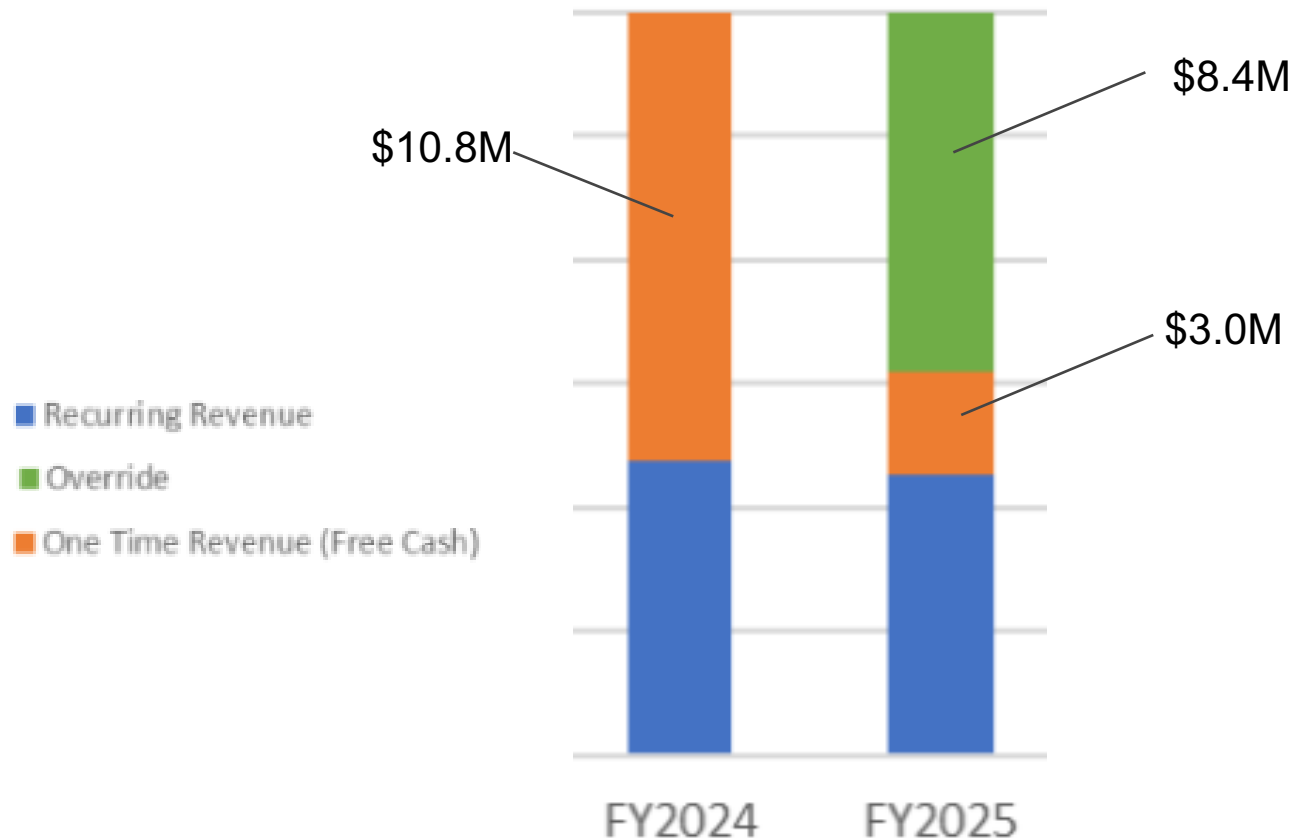


One Time Funds Creates Override Need





One Time Funds Creates Override Need





Other Activities Underway

- Continue to look for ways to increase revenue and reduce expenses
- Working Group to Develop Community Compact - commitment to make override last 3 years
- Working Group on Out-of-District Enrollment Budget Strategies



Questions