



February 11, 2014

Honorable Members of the Board of Selectmen and Members of the Advisory Committee:

It is my privilege to submit for your consideration the Financial Plan (Budget) for Fiscal Year (FY) 2015, encompassing the period from July 1, 2014 through June 30, 2015. The FY 2015 Budget balances \$264.5 million in revenues and expenditures for the operation of Brookline's municipal government, including public education services and self-supporting Enterprise operations.

The FY 2015 Budget is intended to serve as a "Bridge" to a comprehensive solution beginning in FY 2016 to the pressing school budget issues driven by enrollment growth. This solution will likely involve a voter referendum to override the 2.5% tax levy limitation imposed by Proposition 2½. A "Bridge" is defined in the Merriam Webster Dictionary as "a pathway... over a depression or obstacle" and as "a means of connection or transition". With these definitions in mind, the FY 2015 Budget is labeled a Bridge Budget in recognition of a set of recommendations on policy and service level choices being developed by the Override Study Committee (OSC) beginning in the FY 2016 Budget. The OSC, jointly established by the Board of Selectmen and School Committee, is charged with "determining whether substantially more revenue capacity than what is currently anticipated will be necessary to maintain desired levels of services and fund future liabilities of the Town and the Public Schools, and therefore, whether a voter-approved override or overrides of Proposition 2 ½ will be necessary to raise that revenue."

The OSC has been hard at work since September, with late-night meetings followed by early-morning sub-committee meetings. The work to date has been expansive and impressive. This is another example of how fortunate Brookline is to have such dedicated and intelligent residents willing to donate their valuable time to such an important cause. The topics they are exploring include significant policy issues that require more study and must involve community input and deliberation. In addition, an operating tax override should be coordinated with the likely tax referendum on the Devotion School renovation/expansion project in the spring of 2015. As a result, the FY 2015 Bridge Budget serves as an interim step to mitigate program and service reductions in the School Department resulting from their "structural budget deficit" and from the cumulative impacts of enrollment growth until such time as the Town and School address the longer term plan beginning in FY 2016. An override debate allows for the community to decide whether to increase their taxes in order to maintain service levels and programs.

The formula established through the Town/School Partnership allocates an additional \$3.1 million in general revenue for the operation of Brookline's public school system. Despite this new revenue, it was projected that increasing enrollment, special education costs and salary/benefit increases results in a FY 2015 School Department budget shortfall of \$1.1 million. This FY 2015 projected shortfall is on top of other budget challenges identified by the School Department. These challenges include an ever-widening gap on non-teacher staff ratios related to increased enrollment, certain educational program enhancements, and a major technology initiative. Combined, these items total an overall school budget shortfall of nearly \$6 million. The FY 2015 Bridge Budget proposes to raise an additional \$1 million in non-property tax revenue from parking meter and violation rates and to allocate them fully to the School Department. This effectively closes the structural budget gap for another year and results in an overall budget allocation of \$86.8 million, or an increase of 4.8% over FY 2014. I recognize that this budget level will not support all of the priorities of the School Department, but it will help mitigate against further reductions in program and service levels. It is possible that some of the revenue and expenditure assumptions that the FY 2015 Budget is built upon will improve prior to the time Town Meeting must adopt the budget in May. In addition, I am aware of the School Superintendent's plan to allocate funds within the School Department's control, including grant and other special revenue accounts available without Town Meeting appropriation, to supplement the FY 2015 Budget. I caution that any plan to resolve the Town's long-term budget needs will involve a tax increase requiring voter approval. Accordingly, we must be careful that any plan to deal with an interim solution minimize the use of one-time funds and limit the implementation of policy issues that are better suited to the public process inherent in a plan to increase property taxes.

In summary, the FY 2015 Budget;

- Raises \$264.5 million in revenue, including a 2.5% increase in the property tax levy, an additional \$1.7 million in property taxes resulting from new property construction and an additional \$817,754 in state aid based upon the Governor's budget proposal.
- Recommends the appropriation of \$86.8 million to the School Department, representing an increase of 4.8% over FY 2014, in order to stem the erosion of programs and services in light of rapidly increasing enrollment.
- Recommends the appropriation of \$67.6 million to fund municipal departments, representing an increase of 2.0% over FY 2014, in order to fund a modest increase in salaries/wages and other fixed costs.
- Establishes \$17.9 million in funding (debt service and pay-as-you-go) to implement major capital projects in connection with a longer term Capital Improvement Plan
- Conforms with all Fiscal Policies, including the allocation of Free Cash to support the Town's capital improvement plan and the allocation of funds to offset long-term Pension and Retiree Health Care (OPEB) liabilities.

**TOWN OF BROOKLINE
FY2015 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>FY 2014</u>	<u>FY 2015</u>	<u>\$\$\$ CHANGE</u>	<u>% CHANGE</u>
REVENUES				
Property Tax	175,783,902	181,848,174	6,064,272	3.4%
Local Receipts	22,119,366	22,920,225	800,859	3.6%
State Aid	16,659,162	17,476,916	817,754	4.9%
Free Cash	7,655,155	5,084,152	(2,571,002)	-33.6%
Other Available Funds	6,846,435	8,753,508	1,907,073	27.9%
Enterprises (net)	28,136,489	28,413,738	277,249	1.0%
TOTAL REVENUES	257,200,508	264,496,714	7,296,206	2.8%
EXPENDITURES				
Municipal Departments	66,315,742	67,632,027	1,316,286	2.0%
School Department	82,780,770	86,750,987	3,970,217	4.8%
Non- Departmental	63,324,068	64,209,046	884,978	1.4%
Special Appropriations	8,581,000	9,415,000	834,000	9.7%
Enterprises (net)	28,136,489	28,413,738	277,249	1.0%
Non-Appropriated	8,062,441	8,075,913	13,472	0.2%
TOTAL EXPENDITURES	257,200,508	264,496,714	7,296,207	2.8%

In the sections that follow, a review of revenues and expenditures is addressed in more detail.

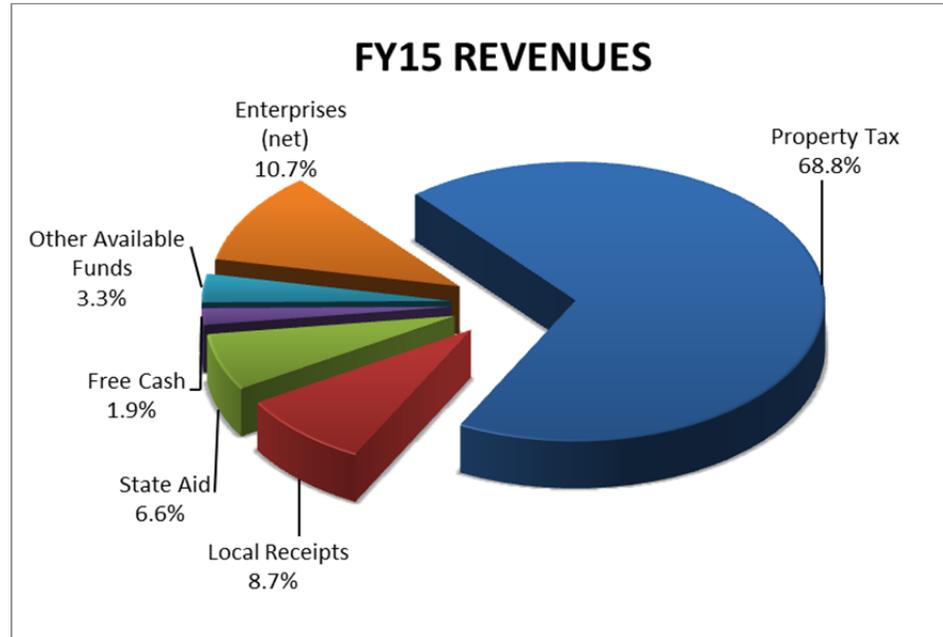
REVENUES

Taxes: Property taxes are projected to increase by \$6.06 million or by 3.4 % over FY 2014. Property taxes represent over two-thirds of the total revenue available to the Town. This percentage has grown steadily over the last several years as other revenue sources have dwindled or stayed constant. The increase in property taxes in FY 2015 includes \$4.37 million resulting from the allowable 2.5% increase under Proposition 2½, \$1.7 million from the value of new construction (New Growth) and \$1.09 million for debt service on the High School project that the voters have excluded from the Proposition 2½ levy limit. Over the long-term, the Town’s goal is to increase its tax base with commercial development that is compatible with the neighborhood and limits negative impacts of traffic, noise and costly municipal services. In addition to increased taxes, such development provides an additional bonus to residential taxpayers by shifting a greater share of the property tax burden to the commercial sector. This is true because the Town employs a dual tax rate (classification). In FY 2014, the tax rate for the commercial sector is 62% higher than the residential rate. Finally, additional commercial development adds jobs, vitality and residual revenue (e.g., meals taxes and parking meter receipts) for the Town. We are pleased to report that the improved economy has resulted in progress on each of the three major commercial development projects in the planning stage; 1.) the development of an extended day hotel at the former Red Cab site on Boylston Street, 2.) the development of a hotel and related retail development at the former Circle

Cinema site in Cleveland Circle, and 3.) an office complex at 2 Brookline Place.

Local Receipts: FY 2015 Local Receipts are projected to increase by \$800,859, or 3.6%, to \$22,920,255. This category of revenue represents a variety of sources generated by Town fees and charges. Most prominent are the Motor Vehicle Excise (MVE) tax, Parking and Traffic fines, Building Permit fees, the Trash Collection charge, and Local Option Taxes (meals and lodging). Overall, Local Receipts have rebounded from the economic recession experienced over the last several years, especially in our Motor Vehicle Excise taxes, Building Permit fees and Hotel/Meals taxes.

In FY 2015, it is proposed that Parking rates and fines for violations of parking regulations increase in order to support the Bridge Budget initiative. Specifically, I will propose to the Board of Selectmen and Transportation Board that the rate for parking be raised by \$0.25/hour (to a total of \$1.25/hour)⁽¹⁾ and that the schedule of fines for violations be increased, including a \$5 increase in meter violations from \$25 to \$30. Brookline has vibrant commercial areas that require frequent parking turnover. In addition, some sections of Brookline abut significant regional employment and entertainment sites in Boston (e.g. the Longwood Medical Area and Fenway Park) that demand a more competitive parking rate.



The Override Study Committee process has identified other local revenue increases, but I will defer their use at this time until a more comprehensive package of revenue increases, expenditure efficiencies and property tax increases is developed for FY 2016.

State Aid: As the economy has improved, so has the ability of the Commonwealth of Massachusetts to share its revenue growth with cities and towns. In FY 2015, we project an overall increase in State Aid of about 5%. The major source of increase is within the Education Aid category, known as Chapter 70. For FY 2015, we have assumed the Governor’s proposed level and allocation of Local Aid. In Massachusetts, the Legislature has the legal authority to fashion a budget independent of the Governor’s proposal. Each year, we must “read the political tea leaves” to determine whether the Governor’s proposal represents a reasonable estimate of our aid. As opposed to prior

⁽¹⁾Parking Meter receipts are technically accounted for in a special Parking Meter Fund, which is within the Other Available Funds revenue category.

years, we believe that the Governor’s aid proposal in FY 2015 represents a reasonable yet conservative projection of our aid. We will follow the Legislature’s budget process and make a modified projection as necessary.

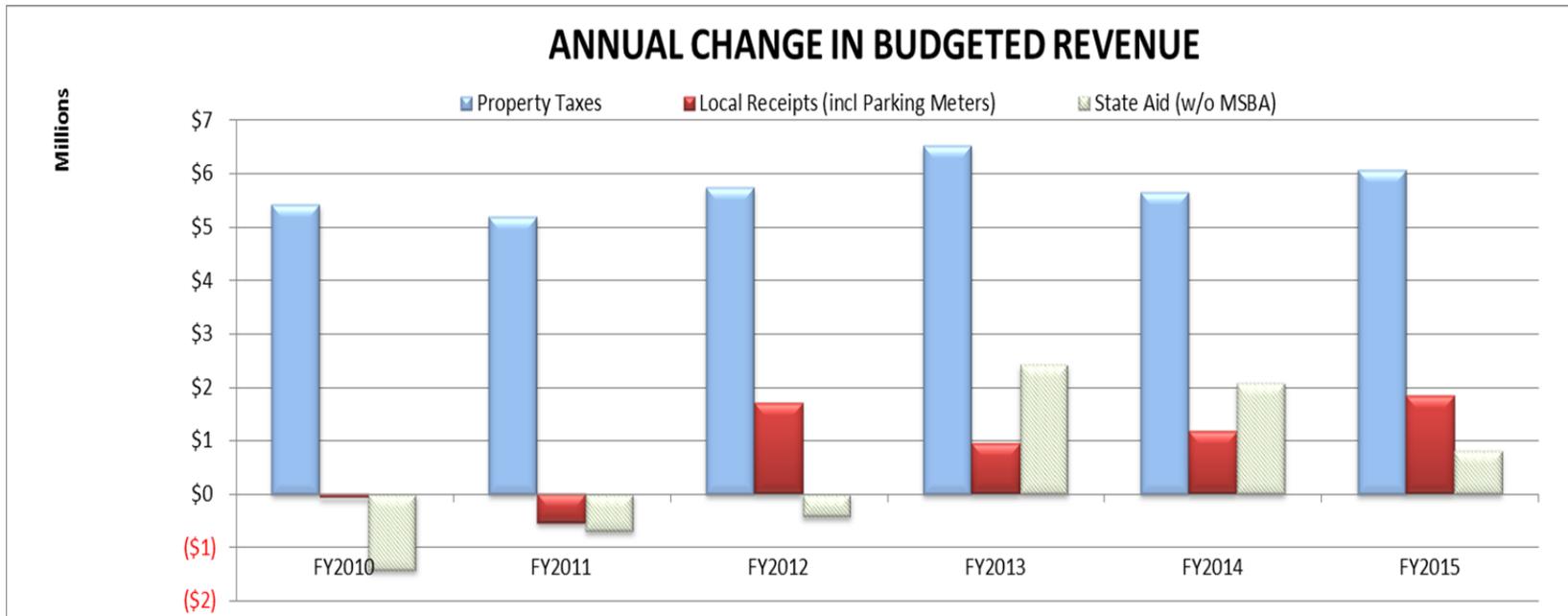
Free Cash: Free Cash represents the unrestricted fund balance from the prior fiscal year as certified by the State Department of Revenue. The amount of Free Cash proposed to fund the Budget in FY 2015 is \$5,084,152, representing a decrease of \$2.5 million (or 33.6%) from FY 2014. Pursuant to the Town’s financial policies, Free Cash is used only to support non-operating purposes. Over 80% of the amount of Free Cash allocated to the FY 2015 Budget will be used to support capital projects.

The Town has a fiscal policy that mandates a minimum level of operating reserves. The amount of certified Free Cash available for appropriation in FY 2015 is \$7,084,861. However, in order to ensure that the Town’s operating reserves will exceed 10% of operating revenues, I have recommended that only \$5,084,152 of Free Cash be available for allocation in the FY 2015 Budget. The balance left in Free Cash will help support this essential financial reserve policy.

Certification of Free Cash	\$7,084,861
1. Operating Budget Reserve (25% of Operating Budget Reserve)	\$530,584
2. Fund Balance	\$2,000,709
a. Unreserved Fund Balance (left unappropriated)	\$2,000,709
b. Stabilization Fund (appropriated)	\$0
3. Liability Reserve (to get fund to 1% of Prior Yr Net Revenue)	\$234,839
4. Capital Improvements (to get to 7.5% of Prior Yr Net Revenue)	\$3,183,504
5. Affordable Housing Trust Fund (since Fund Balance below \$5M)	<u>\$170,390</u>
Sub-Total	\$6,120,026
Amount available for Special Use (#6)	\$964,835
6. Special Use:	
Additional CIP	\$964,835

Other Available Funds: The FY 2015 Budget proposes the use of \$ 8,753,508 in other funding sources. Of this amount, \$5,150,000 is from Parking Meter revenue (see discussion of this source in the Local Receipts section) and nearly \$2.5 million is from assessments on the Town’s self-supporting Enterprise and Revolving funds in order to recover costs associated with general municipal expenses (e.g. employee benefits). In FY 2015, we propose the use of \$1 million in reserves available from prior year tax abatement accounts to support the capital budget.

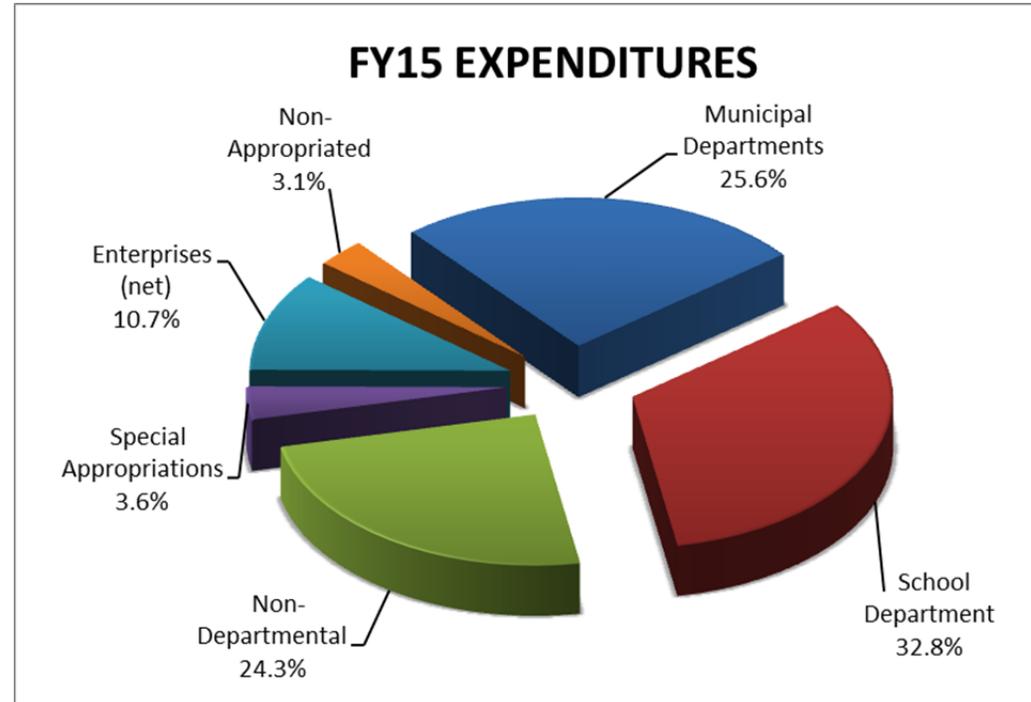
Enterprises: The Town operates and accounts for its Water/Sewer system and Golf Course as self-supporting enterprises. Similarly, most programs and services of the Recreation Department are accounted for in a separate Revolving Fund. The fees and other revenues attributable to the operations accounted for in the Recreation Revolving Fund are proposed to be \$2.4 million, net of the reimbursements to the General Fund mentioned above under Other Available Funds, for an increase of 5.2%. An amount equal to this revenue is accounted for on the expenditure side of the Budget. In FY 2015, we are increasing the share that the Recreation revolving funds contribute to their overall cost. With this increase, the Funds will reduce the General Fund subsidy of the Town’s recreational programs from 24% to 22.6% (see further discussion of this issue in the Policy Issues and Initiatives section of this Budget Message).



EXPENDITURES

Municipal Departments: For FY 2015, it is proposed that funding for all municipal (non-school) departments be \$67,632,027, an increase over FY 2014 of 2.0%. This amount is inclusive of a reserve for wage and salary increases for municipal employees, conditional upon negotiated settlements. The number of full-time equivalent personnel in municipal departments is modestly increasing by about 2 full-time equivalent (FTE) positions.

In its *Organizational Study of the Planning and Community Development Department* in 2012, the University of Massachusetts' Collins Center for Public Management recommended that the Department serve as staff to the Zoning Board of Appeals and that the budgetary resources account for this new responsibility. With the submission of a comprehensive permit (40B) application to the Zoning Board of Appeals at Hancock Village, it has become increasingly clearer to me that the Town must consolidate all functions related to the zoning approval process within the Planning Department. As a result, I am proposing that the administrative support currently provided by the Town Clerk's office be transferred to the Planning Department. The Massachusetts Zoning Act and the Zoning By-Laws of the Town of Brookline are extremely complicated and a mistake by the Town could result in an automatic (constructive) approval. While the Town Clerk's office has worked hard to meet the regulations of the zoning



process, we can no longer risk this outcome by having the functions decentralized. The transfer of these duties will create a more coordinated and effective operation. In addition, with the Planning and Building departments working so closely together, this position will reduce the number of staff attending the ZBA's evenings meetings, resulting in reduced overtime costs and employee productivity.

I have also proposed additional administrative staff capacity to support the Human Resources Office. This will be accomplished by creating two part-time, non-benefit eligible employees, giving the Human Resources Office greater flexibility to address a convergence of long-term demands. These demands include benefits administration for an influx of new school employees, criminal background checking of construction workers in an expanded capital project environment, increased recruitment and succession planning, and a healthy, consumer-based health insurance environment. The Town's lean budget years have also resulted in protracted labor negotiations, placing additional

demands on staff. The increased staff will allow the Director and Assistant Director to focus on my high priority on staff development which includes better succession planning, increased supervisor training, employee development, recruitment strategies and performance management. Finally, a well-functioning Human Resources Department is critical to the Town's overall commitment of increasing the diversity of our work force, especially within the management ranks.

The Town is consistently reviewing the costs and benefits of staffing certain functions versus contracting out. While the focus is often on contracting out, occasionally the analysis reveals a more cost effective approach by bringing contracted services back in-house. This was the case last year when the Town decided to discontinue its contracted payroll service and handle it in-house using the existing financial package, MUNIS. This year, we have evaluated the costs of HVAC maintenance. We believe the work can be done more cost effectively and efficiently by bringing it in-house. The Town currently spends \$228,000 on this service. After hiring two Senior Maintenance Craftsmen for a total of \$145,000, including benefits, there is a savings of \$83,000. I am recommending that this savings remain in the Repair and Maintenance budget in order to alleviate the continued pressure our Building Department faces to maintain Town and School buildings. As we continue to expand the footprint of our School facilities and pursue more energy efficiency, the Repair and Maintenance budgets will need to continue to strive for creative solutions such as this in order to mitigate budget constraints.

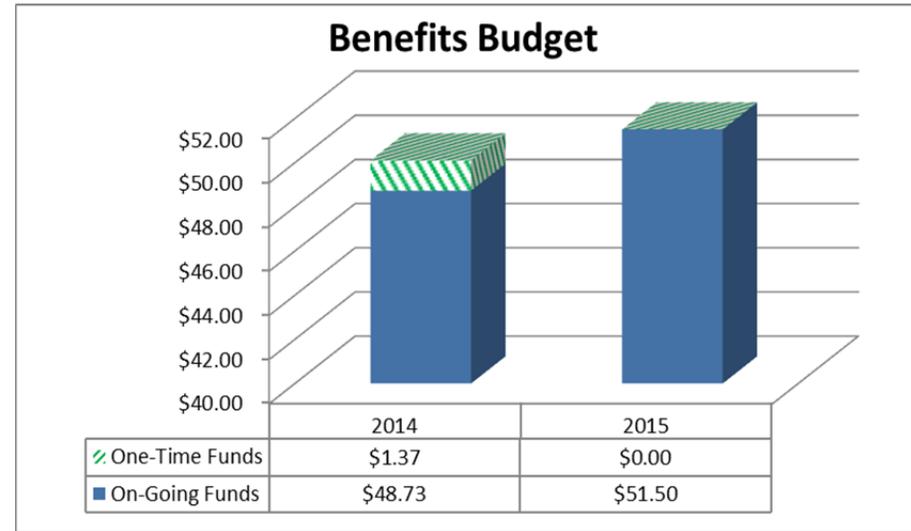
Finally, the Town has adjusted funding within the Planning and Community Development department in order to more properly account for its use of federal Community Development Block Grant (CDBG) funding. The net impact to the Town budget is approximately \$32,000.

In general, any increase in departmental expenses was limited to an actual increase in personnel costs, materials or contracted services. A more detailed review of issues involving municipal department operations is included in Sections II and IV.

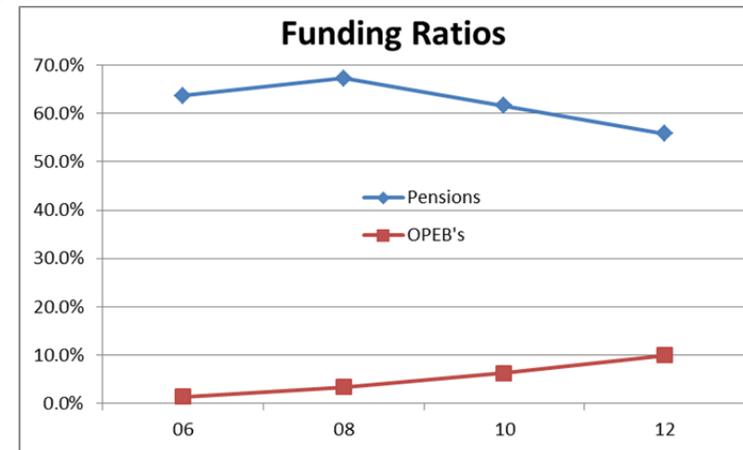
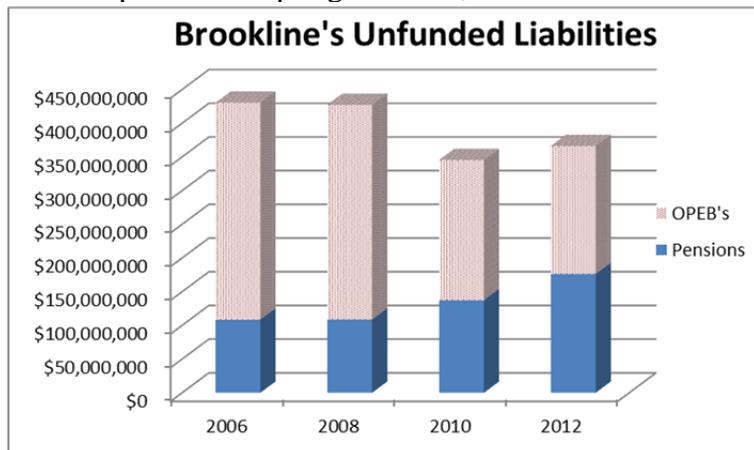
School Department: As previously addressed in this Budget Message, the FY 2015 Budget prioritizes the needs of the School Department by raising non-tax revenue (parking meter rates and fines) and allocating it 100% to the School budget, notwithstanding the traditional Town-School Partnership allocation formula. The focus of the Override Study Committee process is developing a longer-term and sustainable plan to support the enrollment and programmatic pressures upon the Town's school system. The proposed FY 2015 School budget is \$86,750,987, inclusive of negotiated salary increases. This budget represents an increase of 4.8%.

Non-Departmental: This is a large category of expenses that incorporates personnel benefits for municipal and school employees, debt service on bonds, insurance coverages and special reserve funds. The proposed budget for FY 2015 is \$64,209,046, an increase of 1.4% from FY 2014. The largest of these expenses is the cost of health insurance for the Town's eligible employees and retirees (including employees and retirees of the School Department). In July of 2010, the Town joined the State's Group Insurance Commission (GIC), which provides health insurance for all state employees and retirees. The GIC plan has been very favorable for both the Town and its employees, resulting in substantial cost savings. For the FY 2015 Budget, we are projecting a composite premium increase of 5% for plans within the GIC. We are hopeful that the final rate approved by the GIC in March will be even less. The Town continues to proactively fund its long-

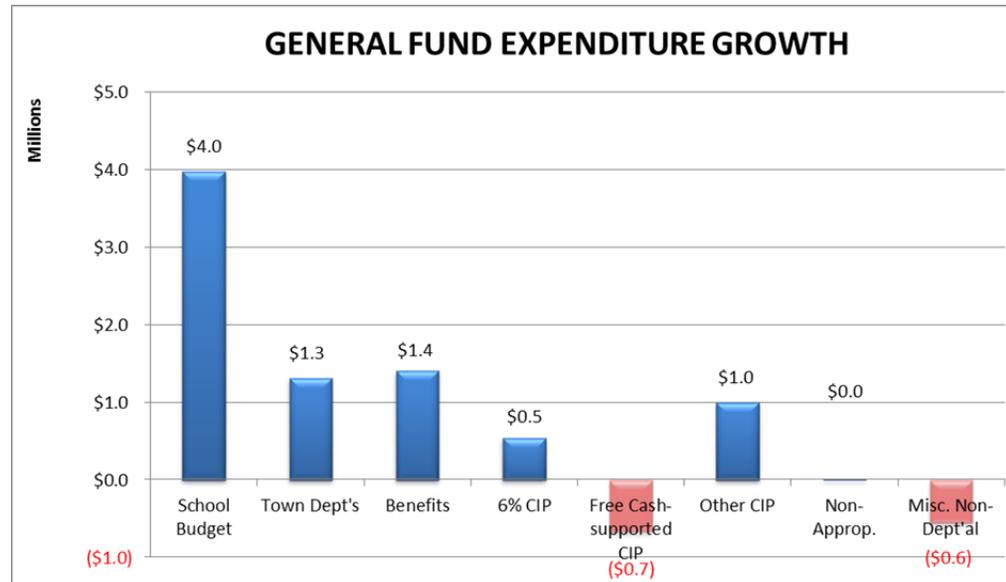
term liability for pensions and retiree health care benefits (OPEB). The FY 2015 Budget may appear to diminish funding for these items, but this reflects the supplemental funding we were able to achieve last year from Free Cash. The chart below shows how the FY 2015 on-going funding for the benefits budget compares to the same for FY 2014. Net of the FY 2014 one-time funds, the FY 2015 benefits budget increase is \$2.8 million (5.7%). The FY 2015 OPEB appropriation continues the Town's plan of increasing the base appropriation by \$250,000, using the Medicare Part D (drug prescription) reimbursement, using the run-off from the Non-Contributory Retiree line-item, and assessing Special Revenue Funds. We remain committed to funding the Town's long-term liabilities and are especially focused on addressing the OPEB liability in order to reach the actuarially determined Annual Required Contribution (ARC) in less than 10 years. Once the ARC is reached, the Town may embark on a systematic long-term funding schedule.



We have worked closely with the Retirement Board to carefully address the Town's long-term Pension liability in light of major losses in the securities markets during 2008 and 2011. In order to offset the impact from future fluctuations in the markets, we have reduced the assumed rate of investment interest from 8.25% to 7.75%. Every two years, the Retirement Board contracts for an updated actuarial study of its Pension and OPEB liabilities. The most recent actuarial study for the Town's Pension system indicated that, as of January 1, 2012, the Town's unfunded Pension liability stood at \$176.1 million, with a plan to eliminate this unfunded liability in 2030. A new actuary study will be completed this Spring/Summer, with data as of January 1, 2014.



Special Appropriations: The Town funds its Capital Improvement Program (CIP) through a combination of current funding and debt. The current revenue-financed portion of the CIP is \$9.4 million in FY 2015. This includes \$4.3 million funded by general operating revenue combined with \$4.1 million from Free Cash and \$1 million from Overlay Reserve Surplus. Together, this represents 8.4% of the Town’s prior year net revenue. A portion of the cost of large school building projects is reimbursed by the state through the Massachusetts School Building Authority (MSBA). The Town has received approval from the MSBA to pursue a feasibility study to expand and renovate/replace the Devotion School, the Town’s largest elementary school. The study is well under way and we hope to receive MSBA approval to proceed to final design in 2014, with funding sought in 2015. Currently, we are assuming that the overall cost of this project will be \$110 million, of which the MSBA will reimburse the Town 30%. Last year, the blue ribbon Brookline School Population and Capacity Exploration Committee (B-Space Committee) spent several months studying the challenge and potential solutions to the rapid growth in the Town’s school population. It eventually recommended a plan to expand the Town’s existing school facilities rather than propose a 9th elementary school and/or a second high school. The cost will be significant and cannot be absorbed within the Town’s general revenue or debt capacity. Acknowledging this fact, it is likely that the Town will seek voter approval to cover its share of the debt for the Devotion School outside of the Proposition 2½ tax levy limit. This is referred to as a Debt Exclusion.



A more detailed discussion of the CIP is included in Section VII.

Non-Appropriated: This category includes required expenses that are raised directly without appropriation by Town Meeting. This includes State Charges, of which the largest sum is the Town’s assessment to the MBTA (\$5 million); the Overlay, which is a reserve for tax abatements and exemptions issued by the Board of Assessors (\$1.7 million); and the Norfolk County assessment (\$785,286). Overall, the cost of Non-Appropriated items in FY 2015 is \$8.1 million, an increase of 0.2% from FY 2014.

Enterprises: The Town funds its Water/Sewer, Recreation and Golf activities largely through self-supporting revenues. These are accounted for separately from the Town’s General Fund through formal enterprise and revolving funds. The net cost of Enterprises in FY 2015 is \$28,413,738, an increase over FY 2014 of 1.0%. As mentioned in the Revenue section, the Town aggressively pursues full cost recovery of the Enterprise and Revolving Fund accounts to cover the cost of expenses accounted for in the general budget (including Pension and OPEB contributions). In particular, the Town is pursuing greater cost recovery in the Recreation Revolving Fund in FY 2015. It is the Town’s plan to make the Soule Early Education program run by the Recreation Department cover 100% its costs over the next three years.

FY 2015 POLICY ISSUES AND INITIATIVES

The Financial Plan should not be limited to just a balancing of revenue and expenditure numbers. Rather, the Plan should represent a series of policies and initiatives designed to achieve meaningful goals for the Town. There are a number of such policy issues incorporated within the FY 2015 Budget. In addition to the School enrollment and resource challenge, the following policy issues and initiatives have driven the overall budget planning this year:

Technology: Keeping pace with technology is not only an expectation of the Town's residents, business partners and vendors, it is essential to maintain our programs and services in the face of limited financial resources. Technology initiatives are spread throughout the Town's Budget. The Town recently brought its payroll service in-house and has integrated it with the Town's MUNIS financial system. The result will be lower overall costs, but just as important are the opportunities for better information and automation of related tasks. For example, the new payroll system has created opportunities for employee self-service and applicant tracking functions, creating less paper transactions and more control.

Most business processes of the Town are converting to digital and web-based solutions. This past year, the Selectmen's office introduced on-line applications and renewals of its business licensing process, creating convenience for businesses and better/timelier information for the Town.

The Town continues to promote the use of BrookOnLine, its suite of on-line/mobile applications allowing two-way interface between the Town and its residents. The system is used extensively to report physical issues in the community (potholes, missing signs and graffiti), to receive timely information on municipal meetings and issues, and to view/pay bills. Use of social media is revolutionizing the way the Town communicates to and from our citizens. In particular, the Police Department has embraced this technology and is actively using Twitter and Facebook to update citizens on criminal activity, traffic and other emergency information on a real-time basis.



The Town continues to move toward a more mobile workforce. The FY 2015 budget includes funding that allows the Fire Department and DPW to improve their mobile operations. Specifically, they will be able to view and modify inspectional data in real-time through the enhanced use of the Firehouse (Fire) and Cartegraph (DPW) systems.

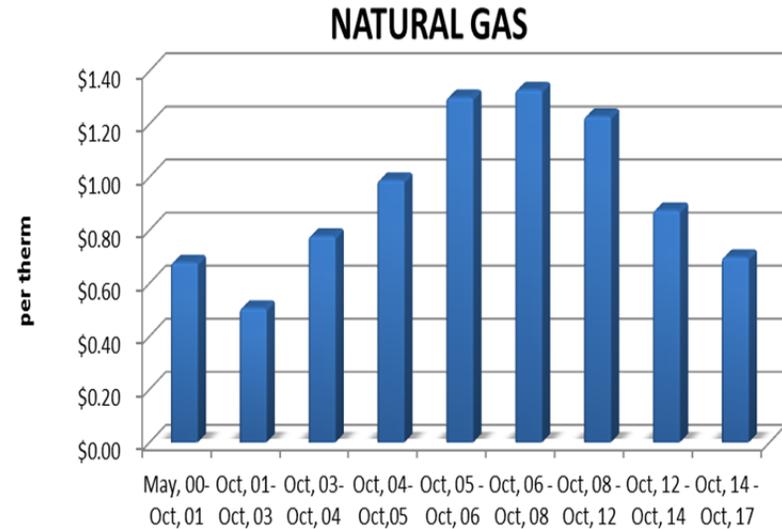
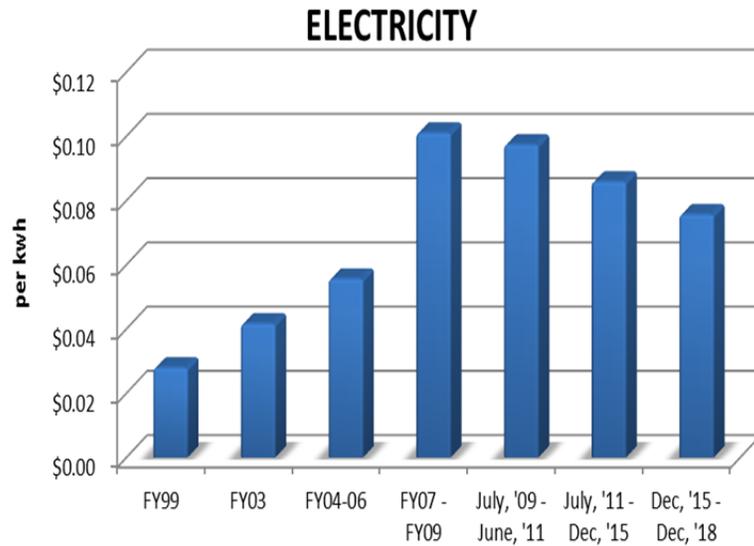
A major initiative of the School Department is the use of technology to support teaching, enhance student achievement and extend the classroom's physical boundaries. This ambitious initiative will be a core component of the Override Study Committee's consideration and recommendation in FY 2016. For now, these plans compel the Town's IT Department and the School Department to better collaborate on technology. The Superintendent of Schools and I are committed to reviewing the organizational structure and creating solutions that more effectively support technology, including improvements in the "help desk" service for users.

The Town is dealing with constant changes in the external business environment related to technology. In 2007, the Town and Galaxy Internet Services entered into partnership that was a first-of-its-kind in the country. The relationship offered residents with a mobile wi-fi option, provided the Town free wi-fi services for certain municipal operations, and established a number of "hotspots" throughout town. After several years of successful operation, the wireless network ceased operation. While many businesses and residents no longer relied on this service (thus the change in the business model), the Town used the system for communication among its public safety units in the field, communicating with its smart parking meters, and mobile computing. The Town must now transition to a cellular-based wireless system that costs \$50 per month per air card. Similarly, the business model for the PXT smart card used in hundreds of parking meters was discontinued this past year, forcing the Town to scramble and convert meters in high usage areas to accept credit cards.

Energy Efficiency and Sustainability: Another major policy focus in this Budget is to find ways to reduce the Town's use of energy and make its operations more sustainable. With the support of the Commonwealth of Massachusetts and its regional planning agency, the Town is actively pursuing opportunities for solar power. This involves both rooftop installations on municipal and school buildings and ground mounted installations on open land. The Town successfully adopted zoning to accommodate such use at the Singletree site adjacent to a municipal water tower.

The Department of Public Works recently awarded a major contract for the conversion of the Town's street lights to LED technology. This project meets the Town's goal of saving money by reducing energy while enhancing the effectiveness of the service. Once fully-implemented, the Town's streetlight bill will decrease by approximately \$225,000. The payback period is estimated to be less than 10 years. After that, the savings totals approximately \$2.16 million over the life of the equipment.

On the procurement side, the Town is realizing substantial savings in the FY 2015 Budget through its creative purchase of natural gas to heat/cool Town and School buildings. In the fall of 2012, due to favorable market conditions and long-term energy market projections, the Town “blended-and-extended” its electricity supply contract that commences in December, 2015 and entered into a new natural gas contract that begins in October, 2014. The natural gas savings kicks in during FY 2015 and the savings in the School Budget alone will be \$64,000 in FY 2015.

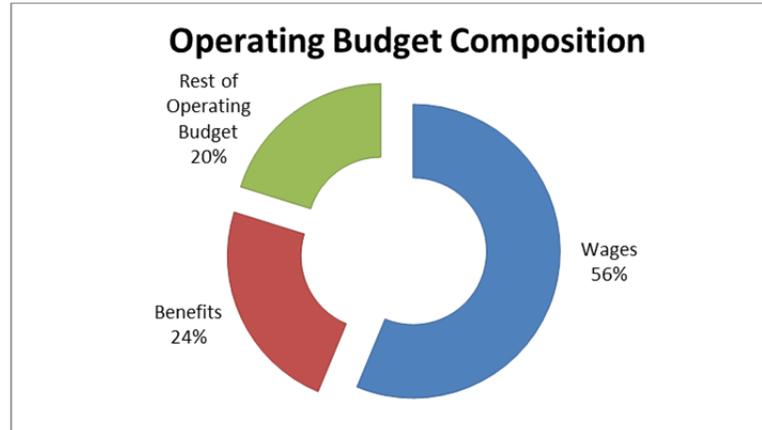


Performance Management and Open Government: A major priority of Town management is the use of performance data in budgeting and decision making. This Financial Plan requires each department to quantify its performance through data, linked back to its Objectives. In addition to measuring our internal performance, we have embarked on a program to gauge the satisfaction of our consumers (the Town’s residents) on municipal services and engagement. This past fall, the Town partnered with the National Research Center, Inc. and the International City Management Association to issue an opinion survey to 1,200 residents in Brookline. The National Citizen Survey is a tested survey instrument designed to elicit feedback on essential municipal services and other factors that measure our performance. We look forward to presenting the survey’s results to the Board of Selectmen and the community in the ensuing months.

We are also committed to being transparent in our municipal government operations and finances. The Town partnered with the City of Woburn and several other communities to develop a web-based “Open Checkbook” application. This application, linked directly to the MUNIS financial system, allows a citizen to view expenditure of public funds.

Human Resource Management and Collective Bargaining: Approximately 80% of the Town’s operating expenditures are personnel or personnel related. As mentioned in the discussion on Expenditures, I have prioritized the staffing and capacity of the Human Resources Department in the FY 2015 Budget to help manage these expenses more effectively.

Central to this effort are employee benefits. The vast majority of the Town’s (and School’s) employees are unionized. The Town is obligated to collectively bargain wages, benefits and working conditions with these organizations. Prompted by the impacts of the economic recession and the costs of health care, the landscape for employee benefits in the public sector is being recalibrated. In addition to focusing on the eligibility and cost sharing of health insurance for active and retired employees, the Town is engaging with its unions on the matter of paid leave. In particular, the Town is more consistently placing a financial value on this leave, similar to actual wages and benefits. This discussion must be pursued carefully given the gratitude the Town has for the dedication and service our employees provide.



Solid Waste Collection and Disposal: With the expiration of its solid waste disposal contract on June 30, 2014, the Town has the opportunity to reevaluate its system of collecting, hauling and disposing of its solid waste. The Town has the added value of maintaining a licensed solid waste transfer station at its facility off of Newton St. in south Brookline. The Department of Public Works has issued a comprehensive Request for Proposals and will be evaluating all aspects of its solid waste operations with the goal of saving money and enhancing services. At the same time, the Town will be exploring ways to introduce a “Pay as you Throw” system of incentivizing recycling. While there are no changes to the FY 2015 Budget yet in anticipation of these changes, it is expected that this opportunity will provide a great value to the Town and its residents.

LONG RANGE FINANCIAL PLANNING

The cornerstone of the Town's budgeting process is the Long-Range Financial Projection, often referred to as "the Forecast". It is essential that a government have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals. The Forecast also serves to connect a municipality's annual operating budget with its CIP, bringing all of the fiscal policy and economic variables together to establish coordinated managerial direction. Revenue and expenditure forecasting, along with capital planning and debt management, are key elements in developing a strong municipal fiscal position.

Prepared annually, the five-year Forecast serves as the starting point for the ensuing budget year - - and also provides decision makers, taxpayers, and employees with an understanding of the long-term financial challenges the Town faces. In late-November/early-December, the Deputy Town Administrator and the Director of Finance present the Forecast to the Board of Selectmen. This presentation is the culmination of months of work for those two individuals, work involving the analysis of hundreds of revenue and expenditure line-items, making assumptions about economic conditions, and understanding state budget conditions.

The FY 2015 – FY 2019 Long Range Financial Projection for the General Fund makes the following key assumptions:

- New Growth in the Property Tax Levy of \$1.7 million - \$1.8 million per year, augmented by the redevelopment of the former Red Cab Site (\$325,000 in FY 2016 and FY 2017) and by the re-development of 2 Brookline Place re-development (\$460,000 per year in FY's 2017-2019).
- For State Aid in FY 2015, use the Governor's budget proposal, which results in an increase of \$817,754. For FY 2016-FY 2019, annual 2.5% increases in Ch. 70 and Unrestricted General Government Aid (UGGA).
- For Local Receipts, FY 2015 reflects an increase of \$800,859 (3.6%). In FY's 2016-2019, limited growth is expected (approximately \$350,000/yr, or 1.5%).
- Use of Free Cash continues to follow the Town's Free Cash Policy, as recently updated by the Selectmen in 2011.
- For FY's 2016-2019, a 2% annual wage increases for all school unions.
- Inflation in most Services, Supplies, and Capital Outlay accounts of 1.5% - 2.5% (approximately \$225,000 per year for the Schools and \$250,000 for Town departments).

- Annual utility increases of \$150,000.
- Annual Special Education growth of \$500,000.
- Enrollment growth cost increases of \$1,000,000 per year.
- Step increases in the School Department of \$750,000 per year and \$250,000 per year for Town Departments.
- For FY 2015, a Health Insurance rate increase of 5% and an increase in enrollment of 40. For FY's 2016-2019, assume a 6% annual rate increase and 30 new enrollees per year.
- A Pension appropriation based on the most recent funding schedule approved by PERAC (for FY's 2014 and 2015).
- Continue to fund OPEB's by increasing the appropriation by at least \$250,000 per year from on-going revenues.
- Debt Service and pay-as-you-go CIP that reflects full-funding of the CIP (6% of net revenue plus the use of Free Cash to get to 7.5%).

These assumptions create an escalating deficit position for FY 2016 and beyond, starting at \$1.8 million in FY 2016 and reaching \$8.1 million by FY 2019. It should be noted that the deficits in the out years are inflated because they are built upon a deficit in the prior fiscal year. In fact, the Town must balance its budget each year, and that balanced budget will become the base for the following year's projection. Nonetheless, the cumulative deficits in the Long Range Projection are a reminder that the Town must find ways to support a sustainable budget in the long term.

The Long Range Financial Projection is detailed on the following pages:

**TOWN OF BROOKLINE
FY2015 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUE					
Property Taxes	181,848,174	188,373,618	196,640,865	207,331,924	215,844,583
Local Receipts	22,920,225	23,266,675	23,113,028	23,458,177	23,745,409
Motor Vehicle Excise (MVE)	5,150,000	5,253,000	5,358,060	5,465,221	5,574,526
Local Option Taxes	2,275,000	2,363,500	2,512,370	2,606,617	2,658,750
Licenses & Permits	1,189,975	1,189,975	1,189,975	1,189,975	1,189,975
Parking / Court Fines	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
General Government	3,459,750	3,505,485	3,552,637	3,620,024	3,673,359
Interest Income	740,000	758,500	777,463	796,899	816,822
PILOT's	1,165,000	1,231,600	733,232	759,897	786,595
Refuse Fee	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Departmental & Other	1,940,500	1,964,615	1,989,292	2,019,543	2,045,383
State Aid	17,476,916	17,893,327	18,320,148	18,757,639	19,206,068
General Government Aid	5,598,478	5,735,902	5,876,762	6,021,143	6,169,134
School Aid	11,725,977	12,004,964	12,290,925	12,584,035	12,884,473
Tax Abatement Aid	40,402	40,402	40,402	40,402	40,402
Offset Aid	112,059	112,059	112,059	112,059	112,059
Other Available Funds	8,753,508	7,871,133	7,997,713	8,133,156	8,278,148
Parking Meter Receipts	5,150,000	5,150,000	5,150,000	5,150,000	5,150,000
Walnut Hill Cemetery Fund	75,000	75,000	75,000	75,000	75,000
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555
Reimb./Pymts from Enterprise Funds	2,137,019	2,242,397	2,353,564	2,472,762	2,600,630
Reimb. from Rec Revolving Fund	349,934	362,181	377,594	393,839	410,962
Tax Abatement Reserve Surplus	1,000,000	0	0	0	0
Free Cash (for Appropriation)	5,084,152	4,000,000	4,100,000	4,200,000	4,350,000
Capital Improvements/Other Spec Approp.	4,148,339	3,312,428	3,420,934	3,537,512	3,654,504
Operating Budget Reserve	530,584	552,071	570,156	589,585	609,084
Strategic Reserves	405,229	135,501	108,911	72,903	86,412
TOTAL REVENUE	236,082,975	241,404,753	250,171,754	261,880,896	271,424,207
\$\$ Increase	5,394,256	3,080,577	7,001,506	7,366,484	8,057,183
% Increase	2.4%	1.3%	3.0%	3.1%	3.3%

**TOWN OF BROOKLINE
FY2015 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
EXPENDITURES					
Departmental	66,632,027	68,231,450	69,947,108	71,619,158	73,515,971
Personnel	48,579,455	49,779,455	51,089,455	52,349,455	53,827,667
Services	8,546,789	8,707,484	8,872,196	9,041,027	9,214,078
Supplies	2,118,644	2,171,610	2,225,900	2,281,547	2,338,586
Other	527,690	540,882	554,404	568,264	582,471
Utilities	5,236,503	5,386,503	5,536,503	5,686,503	5,836,503
Capital	1,602,946	1,625,516	1,648,649	1,672,361	1,696,665
Intergovernmental	20,000	20,000	20,000	20,000	20,000
Coll. Barg. - Town	1,000,000	1,010,000	1,110,000	1,130,000	1,150,000
Schools	85,283,519	89,225,988	93,050,988	97,225,988	101,430,988
Coll. Barg. - School	1,467,469	1,350,000	1,400,000	1,430,000	1,460,000
Non-Departmental - Benefits	51,503,244	54,485,614	57,766,114	61,307,323	65,035,896
Pensions	17,882,573	18,700,041	19,768,033	20,900,806	22,102,185
Group Health	26,114,812	27,833,214	29,663,726	31,613,652	33,690,767
Health Reimbursement Account (HRA)	70,000	70,000	0	0	0
Retiree Group Health Trust Fund (OPEB's)	3,311,860	3,596,860	3,892,829	4,208,577	4,509,809
EAP	28,000	28,000	33,000	33,000	33,000
Group Life	140,000	143,499	147,087	150,764	154,533
Disability Insurance	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,450,000	1,500,000	1,537,500	1,575,938	1,615,336
Public Safety IOD Medical Expenses	325,000	325,000	325,000	325,000	325,000
Unemployment Compensation	325,000	325,000	325,000	325,000	325,000
Medical Disabilities	40,000	40,000	45,000	45,000	45,000
Medicare Coverage	1,800,000	1,908,000	2,012,940	2,113,587	2,219,266
Non-Departmental - General	961,707	650,695	659,217	678,568	701,994
Liability/Catastrophe Fund	234,839	64,725	50,255	54,912	54,411
Affordable Housing	170,390	10,616	8,798	2,699	4,800
General Insurance	371,500	390,075	409,579	430,058	451,561
Audit/Management Services	130,000	130,000	135,000	135,000	135,000
Misc.	54,979	55,278	55,585	55,900	56,222
Non-Departmental - Debt Service	9,621,757	9,974,554	10,705,463	14,780,877	17,461,274
General Fund	9,621,757	9,974,554	10,705,463	14,780,877	17,461,274
Non-Departmental - Reserve Fund	2,122,336	2,208,285	2,280,623	2,358,341	2,436,336
Tax Supported	1,591,752	1,656,214	1,710,467	1,768,756	1,827,252
Free Cash Supported	530,584	552,071	570,156	589,585	609,084
Special Appropriations	9,414,999	7,783,744	8,284,870	8,367,212	7,487,676
Tax Supported	4,266,661	4,411,157	4,814,079	4,814,408	3,805,971
Free Cash Supported	4,148,339	3,372,587	3,470,791	3,552,804	3,681,705
Other	1,000,000	0	0	0	0
Non-Appropriated	8,075,913	8,266,496	8,461,844	8,662,075	8,867,312
State Assessments	6,238,854	6,386,937	6,538,722	6,694,302	6,853,771
Cherry Sheet Offsets	112,059	112,059	112,059	112,059	112,059
Overlay	1,700,000	1,742,500	1,786,063	1,830,714	1,876,482
Tax Titles - Deficits/Judgements	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	236,082,975	243,186,826	253,666,228	267,559,544	279,547,447
\$\$ Increase	5,394,255	7,103,851	10,479,402	13,893,316	11,987,904
% Increase	2.4%	3.0%	4.3%	5.5%	4.5%

**TOWN OF BROOKLINE
FY2015 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
CUMULATIVE SURPLUS/(DEFICIT)	0	(1,782,073)	(3,494,474)	(5,678,648)	(8,123,240)
DEFICIT AS A % OF OP REV	0.0%	-0.7%	-1.4%	-2.2%	-3.0%
Surplus / (Deficit) Prior to Collective Bargaining	2,467,469	577,927	(984,474)	(3,118,648)	(5,513,240)
Town Share of Surplus / (Deficit)	1,000,000	535,537	121,297	(456,386)	(1,295,495)
Town Collective Bargaining	1,000,000	1,010,000	1,110,000	1,130,000	1,150,000
Total Town Surplus / (Deficit)	0	(474,463)	(988,703)	(1,586,386)	(2,445,495)
School Share of Surplus / (Deficit)	1,467,469	42,390	(1,105,771)	(2,662,261)	(4,217,745)
School Collective Bargaining	1,467,469	1,350,000	1,400,000	1,430,000	1,460,000
Total School Surplus / (Deficit)	0	(1,307,610)	(2,505,771)	(4,092,261)	(5,677,745)

CAPITAL IMPROVEMENT PROGRAM

Capital planning and budgeting is a critical undertaking for any government and is central to the delivery of essential services and the quality of life for residents. In fact, without a sound plan for long-term investment in infrastructure and equipment, the ability of local government to accomplish its goals is greatly hampered. Since FY 1995, the Town has invested more than \$340 million in the CIP. These efforts, which have been supported by the Board of Selectmen, the Advisory Committee, Town Meeting, and, ultimately the taxpayers of Brookline, have helped address the backlog of capital projects, have dramatically improved the Town's physical assets, and have helped yield savings in the Operating Budget through investment in technology and energy efficiency. Although there is more to do in the areas of street and sidewalk repairs, parks/open space improvements, and school and town facilities upgrades, the commitment to capital improvements is clearly showing positive results.

The recommended FY 2015 – FY 2020 CIP calls for an investment of \$318.2 million, for an average of approximately \$53 million per year. This continues the Town's commitment to prevent the decline of its infrastructure, upgrade its facilities, improve its physical appearance, and invest in opportunities that positively impact the Operating Budget. This represents an vastly increased level of capital commitment resulting from the need to expand and renovate the Town's school buildings. Over the last 10 years (FY 2005 – FY 2014), the Town authorized expenditures of \$178.8 million, for an average of nearly \$17.9 million per year.

It was a challenge to develop a balanced CIP that continues to reflect the various priorities of the Town while simultaneously addressing the overcrowding issue in the schools. The overcrowding issue has prompted the recommendation for a Debt Exclusion Override for the Devotion School, as described below. As has been widely reported, what used to be Kindergarten classes of 425 students are now classes of 630-660. As those classes move through the system, there will continue to be annual classroom space challenges in the elementary schools and a space crisis at the High School in 4-5 years. This CIP encompasses the B-Space Committee plan to address this issue in a comprehensive manner.

Absent any changes in School policies, it is not possible to fund the projects already in the capital pipeline, plus the new school expansion projects recommended by the B-Space Committee, within the Town's 7.5% Financing Policy. Therefore, it is recommended that the Devotion School project be funded outside of the Proposition 2½ tax levy limit through a voter approved Debt Exclusion Override. In addition, it is recommended that \$1 million from surpluses in the Overlay account be used in FY 2015 to fund the feasibility study/schematic design phase of the Driscoll School project. Finally, the Town assumes that major school expansion projects will receive a portion of their costs reimbursed by the Commonwealth of Massachusetts through the Massachusetts School Building Authority (MSBA).

The decision to recommend a Debt Exclusion for the Devotion School project is not made lightly. The B-Space Committee made its recommendations in September and the School Committee subsequently voted to support the "expand in place" approach to creating needed classroom space. As a result, this CIP incorporates three major school expansion projects:

- Devotion School – a renovation/addition project that results in a larger school (1,000+ students) than originally conceived.
- Driscoll School – new to the CIP, this project would add 12 new classrooms and make it an 800+ student school.
- High School – with the larger grades making their way through the elementary schools, they will soon be at the High School. This CIP provides funding for an addition.

Without a Debt Exclusion for the Devotion School project, this CIP does not work. The basic premise here is using the Debt Exclusion for Devotion as a way to free-up future debt service capacity for the Driscoll and High School projects. The current (FY 2014 – FY 2019) CIP assumes \$54 million of Town funding for the Devotion project within the Proposition 2½ tax levy. By funding it with a Debt Exclusion, the revenue capacity previously allocated to the Devotion School becomes available for the Driscoll and High School projects. Simply stated, a Debt Exclusion Override for the Devotion School allows for the funding of all three projects.

It should also be clearly stated that the Override Study Committee (OSC) is in the process of reviewing the B-Space recommendations. If they determine that the classroom expansion plan supported by B-Space is not required or could be scaled back, then a Debt Exclusion for the Devotion project would be revisited. Also, the Town will not be in a position to seek a Debt Exclusion until the Spring of 2015, so there will more time to study the issue.

In addition to the large scale school building projects, this CIP contains several other projects that alleviate school overcrowding. The sum of these projects is expensive and place great pressure on the CIP. This FY 2015 – FY 2020 CIP includes the following items that address

the school overcrowding issue:

- \$1.75 million is included in FY 2015 for Classroom Capacity. In both FY 2008 and FY 2010, Town Meeting appropriated \$400,000 to address space needs, followed by \$530,000 in FY 2011 and \$1.75 million in both FY 2013 and FY 2014. The amount requested for FY 2015 will go toward the final three lease/purchase payments of the Lawrence School classroom modular classroom addition (the first two payments are being paid for out of existing Classroom Capacity funds) and costs associated with any further space conversions into classrooms within existing school buildings, a process that is more complex and challenging each year as available space is reduced. If the Lawrence modular project does not move forward, then these funds would go toward alternative plans for new classroom space at Lawrence. There is also \$500,000 in FY 2016 for work required at the High School to start preparing the facility for the influx of students.
- \$43 million is included for the Driscoll School addition project recommended by B-Space. Of that amount, \$14.7 million (35%) is assumed to be funded by the MSBA and \$27.3 million (65%) by the Town. \$1 million is included in FY 2015 for the feasibility / schematic design portion of the project (funded from Overlay Surplus), followed by funding for design completion and construction in FY 2017.
- Last year during the preparation of the FY 2014- FY 2019 CIP, no funding was included for future work required at the High School to address the space issues that will present themselves as the larger classes in the elementary schools reach the high school because a concept study was underway. That concept study, which was funded in FY 2013, has been helpful in the development of a plan to address the overcrowding issue. A High School addition project was also recommended by the B-Space Committee and supported by the School Committee. This CIP includes \$76 million for this project, of which \$26.3 million (35%) is assumed to be funded by the MSBA and \$48.8 million (65%) by the Town. \$1.75 million is included in FY17 for the feasibility/schematic design portion of the project, followed by funding for design completion and construction in FY 2019.
- Based on updated figures from the project architect (HMFH), the estimate for the Devotion School Project has increased to \$110 million and the MSBA participation rate assumption is reduced from 40% to 30%. This results in a \$77 million Town cost. As previously detailed, this CIP assumes a Debt Exclusion for the Devotion project.
- The Old Lincoln School on Boylston Street received funding in last year's CIP to upgrade its life safety systems and upgrade finishes (paint, carpeting, etc.) necessary to use the building as an interim facility during the Devotion and other school projects.

**TOWN OF BROOKLINE
FY2015 PROGRAM BUDGET**

BUDGET MESSAGE

All of this is being addressed while continuing to address on-going infrastructure improvements including streets, sidewalks, parks/playgrounds, and water/sewer systems. The core of any CIP should be the repair of and improvement to a community's infrastructure, and that is the case with this Proposed CIP. Governmental jurisdictions across the country continue to struggle with the issue of funding infrastructure needs, especially in these economic and budgetary times. Fortunately, Brookline's CIP policies, including dedicated funding and taxpayer support above the Proposition 2½ tax levy limit, have allowed the community to fund these needs at the appropriate funding levels. For example, even with the pressure placed on the CIP by the school overcrowding issue and other high priority demands, this CIP continues the Town's commitment to upgrading its parks, playgrounds, and other open spaces. As proposed, this CIP renovates the following parks/playgrounds:

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Future Years
	Total	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Pierce Playground	1,010,000	90,000	920,000					
Brookline Ave Playground	870,000		870,000					
Emerson Garden Playground	670,000		60,000	610,000				
Corey Hill Playground	600,000		40,000	560,000				
Brookline Reservoir Park	1,880,000			80,000	1,800,000			
Harry Downes Field & Playground	880,000			80,000	800,000			
Murphy Playground	780,000				60,000	720,000		
Schick Playground	770,000				70,000	700,000		
Soule Athletic Fields	550,000					50,000	500,000	
Larz Anderson Park	8,400,000					2,700,000	2,200,000	3,500,000
Kraft Family Athl. Field Turf Repl.	770,000					70,000	700,000	
Robinson Playground	990,000					90,000	900,000	
Riverway Park	425,000							425,000
Cypress Playground/Athl. Field	1,500,000						100,000	1,400,000

This CIP also includes a plan to utilize Cemetery Funds for roadwork (\$150,000 between FY 2015-2016) and lot expansion (\$770,000 in Future Years). This is an outcome of the conversations with the Cemetery Trustees regarding the appropriate use of their separate funds. As part of the FY 2015 budget process, there will be continued discussions with the Trustees regarding the prudent allocation of these funds.

A few years ago, a study was made of the conditions of the fire stations and what was needed to maintain the integrity of the floors and building in regard to the heavier and larger fire equipment that is replacing our existing apparatus. The work outlined in the report included flooring, shoring, beams, columns, and structural work. The report also included recommendations for the HVAC systems, generators, lighting, life safety, and mechanical, electrical, plumbing (MEP), along with other peripheral systems. In FY 2012, \$650,000 was appropriated to undertake the Structural component. The next phase for implementation was the Life Safety component. This CIP continues the plan to modify basic life safety components (e.g., smoke detectors, carbon monoxide detectors). The final phase (mechanical, electrical, plumbing) is also included, starting in FY 2017.

This CIP also addresses a long-standing need in the Fire Department: a modern fleet maintenance facility. The current maintenance facility is located in Station #1 and that shop is not large enough to allow access to many of the Department's vehicles. This requires the mechanics no choice but to do repairs out in the street, the drill yard at Station #6, or on occasion inside another fire station. This creates unsafe and inefficient conditions. The limited size of the shop and its inability to house the apparatus leaves the Fire Department looking to costly outside repair vendors more often than would be necessary if the Department had an adequate facility. The plan is to construct a new facility behind Station #6. In addition, the Fire Chief has expressed his desire to modernize the Department's training facility, which is also located at Station #6. A total of \$4.2 million is included for these projects.

The Town has an excellent fire apparatus rehab/replacement schedule that calls for rehabbing engines every 10 years and ladders every 12 years and for replacing front line engines every 17 years and front line ladder trucks every 20 years. Because of this policy, the Fire Department has an excellent and young stable of engines and ladders. This CIP continues to follow the policy and replaces Ladder #2 in FY15 (\$900,000), Engine #5 in FY 2015 (\$580,000), and Engine #6 in FY 2019 (\$660,000). It also includes \$1.2 million for rehabilitation.

The Village Square and Riverway Park Pedestrian/Bike Path are significant public works projects that are slated for FY 2015/FY 2016. The table below summarizes the funding plan, which shows both projects being funded 100% with non-Town funding:

	<u>FY2015</u>	<u>FY2016</u>
Village Sq. Circulation Improv. - CD	375,000	250,000
Village Sq. Circulation Improv. - Offsite Improvements from 2 Brookline Pl		750,000
Village Sq. Circulation Improv. - State Grant (TIP)		4,375,971
Village Sq. Circulation Improv. - Total	375,000	5,375,971
Riverway Park Pedestrian/Bike Path - Federal Grant		675,000
Riverway Park Pedestrian/Bike Path - State Grant (DCR)		300,000
Riverway Park Pedestrian/Bike Path - State Grant (Tip)		325,000
Riverway Park Pedestrian/Bike Path - CD		200,000
Riverway Park Pedestrian/Bike Path. - Total	-	1,500,000

For a number of years the School Department has been working on the development of a plan to enhance educational technology. The Override Study Committee is reviewing this issue, as there is a substantial cost associated with the overall plan. The funding in this CIP (\$320,000 in FY 2015 + \$200,000/yr for FY's 16-20) is for the infrastructure and equipment required to start implementing the plan.

This CIP includes a new \$1 million bond authorization for grounds and facility improvements at the Robert T. Lynch Municipal Golf Course. The funds would be used to finish cart paths on holes 14 and 15, complete bunker renovations on holes 14, 16 and 17, restoration of

the 9th fairway, substantial tree pruning/elimination, and irrigation maintenance. Additionally, the clubhouse would get a much needed upgrade to the electrical and HVAC system. The debt will be phased so that debt service will remain at affordable levels. The golf course enterprise fund pays for all debt service associated with the golf course and its facilities. Some of the major projects proposed in the CIP include:

- Devotion School - \$77 million of Town funding + \$33 million of State funding (FY 2015)
- BHS - \$50.5 million of Town funding + \$26.3M of State funding (FY 2017, FY 2019)
- Driscoll School - \$28 million of Town funding + \$14.7 million of State funding (FY 2015, FY 2017)
- Village Square - \$5.8 million (FY 2016) - - all outside funding
- Larz Anderson - \$4.9 million (FY 2019-2020)
- Newton St. Landfill (Rear Landfill Closure) - \$4.6 million (FY 2015)
- Fire Fleet Maintenance / Training Facility - \$4.2 million (FY 2015, FY 2017)
- Classroom Capacity - \$2.3 million (FY 2015-2016)
- Fire Sta. Renovations - \$1.9 million (FY 2015, FY 2017-2020)
- Brookline Reservoir Park - \$1.9 million (FY 2017-2018)
- Educational Technology - \$1.6 million (FY 2015-FY 2020)
- LED Streetlights - \$1.5 million (FY 2015-FY 2017)
- Riverway Park Ped/Bike Path - \$1.5 million (FY 2016) - - all outside funding
- Pierce Playground - \$1 million (FY 2015-FY 2016)
- Golf Course - \$1 million (FY 2016) -- enterprise fund

Continued major investments include:

- Parks and Open Space - \$19.7 million
- Street and Sidewalk Rehab - \$17.5 million
- Town/School Roofs - \$7.5 million
- General Town/School Building Repairs - \$6.9 million
- Fire Apparatus- \$3.3 million
- Water & Sewer Infrastructure - \$3 million -- enterprise fund
- Information Technology - \$1.9 million
- Tree Replacement - \$1.1 million
- Energy Conservation - \$1 million

Please read Section VII of this Financial Plan for an in-depth explanation of the CIP process, financing policies, and debt management.

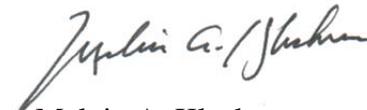
CONCLUSION

The FY 2015 Financial Plan represents a Bridge to FY 2016, when the Town's residents will consider very fundamental issues about the level and quality of educational services and their willingness to fund them. I look forward to working with the Override Study Committee to fashion a plan that balances expenditure efficiencies, non-tax revenue enhancement and property tax increases that will create a long-term and sustainable budget framework going forward. Meanwhile, the FY 2015 Budget provides a realistic and fiscally prudent plan to fund existing services and helps mitigate any further erosion in the School System that has been burdened with unprecedented growth in its student population.

I am very appreciative of the efforts of all department heads and financial personnel in preparing their budgets this year. I am especially grateful for the contributions of Deputy Town Administrator Sean Cronin and Assistant Town Administrator Melissa Goff in the preparation of this budget and financial planning document. It provides an outstanding and useful document for the Board of Selectmen, Advisory Committee and Town Meeting, and creates transparency and confidence among the Town's citizenry and other stakeholders. Our independent Auditor has publicly acknowledged the quality of this document and I am proud to announce that the Town was awarded the Government Finance Officers Association's (GFOA) award for Excellence in Budget Presentation for the ninth consecutive year.

I look forward to working with the Board of Selectmen, School Committee and Advisory Committee in the months ahead as we prepare the best possible budget for Town Meeting approval in May.

Respectfully,



Melvin A. Kleckner
Town Administrator

NOTE: THERE ARE NUMEROUS SUMMARY TABLES IN SECTION II OF THIS FINANCIAL PLAN. PLEASE REVIEW THOSE FOR MORE DETAILED INFORMATION.

FY2015 FINANCIAL PLAN SUMMARY

	FY2014	FY2015	INCREASE/DECREASE	
			\$	%
REVENUE				
General Fund Revenue	229,064,019	236,082,975	7,018,956	3.06%
Water and Sewer Enterprise Fund	26,928,495	26,826,419	(102,076)	-0.38%
(less Water & Sewer Overhead included in General Fund Revenue)	(2,125,747)	(1,973,970)	151,776	-7.14%
Golf Enterprise Fund	1,210,000	1,331,923	121,923	10.08%
(less Golf Overhead included in General Fund Revenue)	(150,416)	(163,049)	(12,633)	8.40%
Recreation Revolving Fund	2,627,874	2,742,350	114,476	4.4%
(less Rec. Revolving Fund Overhead included in General Fund Revenue)	(353,717)	(349,934)	3,783	-1.1%
TOTAL REVENUE	257,200,508	264,496,714	7,296,206	2.8%
APPROPRIATIONS				
General Fund Operating Budget	212,420,580	218,592,062	6,171,483	2.9%
Non-Appropriated Budget *	8,062,441	8,075,913	13,472	0.2%
<u>Revenue-Financed CIP Budget</u>	<u>8,581,000</u>	<u>9,415,000</u>	<u>834,000</u>	<u>9.7%</u>
General Fund Total	229,064,021	236,082,975	7,018,954	3.1%
Water and Sewer Enterprise Fund	26,928,495	26,826,419	(102,076)	-0.4%
(less Water & Sewer Overhead included in General Fund Revenue)	(2,125,747)	(1,973,970)	151,776	-7.1%
Golf Enterprise Fund	1,210,000	1,331,923	121,923	10.1%
(less Golf Overhead included in General Fund Revenue)	(150,416)	(163,049)	(12,633)	8.4%
Recreation Revolving Fund	2,627,874	2,742,350	114,476	4.4%
(less Rec. Revolving Fund Overhead included in General Fund Revenue)	(353,717)	(349,934)	3,783	-1.1%
TOTAL APPROPRIATIONS	257,200,508	264,496,714	7,296,207	2.8%
BALANCE	0	0	0	

* State and County Charges/Offsets, Overlay, Deficits/Judgments.

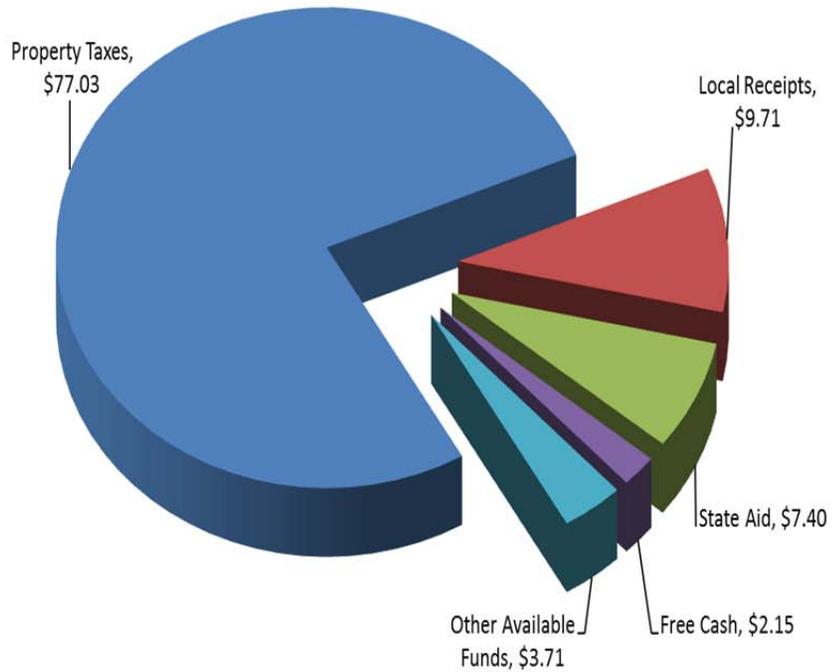
FY2015 RECOMMENDED GENERAL FUND BUDGET SUMMARY

	FY2011 ACTUAL	FY2012 ACTUAL	FY2013 ACTUAL	FY2014 BUDGET	FY2015 BUDGET	INCREASE/DECREASE	
						\$	%
REVENUE							
Property Tax	155,898,463	162,674,174	169,029,414	175,783,902	181,848,174	6,064,272	3.4%
Local Receipts	22,611,569	23,849,795	24,480,797	22,119,366	22,920,225	800,859	3.6%
State Aid	13,808,845	13,796,975	15,125,059	16,659,162	17,476,916	817,754	4.9%
Free Cash	4,590,079	5,380,264	5,336,413	7,655,155	5,084,152	(2,571,002)	-33.6%
Other Available Funds	5,080,435	6,618,966	11,894,344	6,846,435	8,753,508	1,907,073	27.9%
TOTAL REVENUE	201,989,391	212,320,174	225,866,027	229,064,019	236,082,975	7,018,956	3.1%
(LESS) NON-APPROPRIATED EXPENSES							
State & County Charges	5,576,032	5,671,508	6,105,553	6,199,912	6,238,854	38,942	0.6%
Tax Abatement Overlay	1,795,169	1,910,493	1,958,780	1,726,503	1,700,000	(26,503)	-1.5%
Deficits & Judgments	8,615	7,374	16,784	25,000	25,000	0	0.0%
Cherry Sheet Offsets	102,036	106,839	109,160	111,026	112,059	1,033	0.9%
TOTAL NON-APPROPRIATED EXPENSES	7,481,852	7,696,214	8,190,277	8,062,441	8,075,913	13,472	0.2%
AMOUNT AVAILABLE FOR APPROPRIATION				221,001,580	228,007,062	7,005,482	3.2%
APPROPRIATIONS							
Town Departments	62,463,090	62,444,693	64,244,599	66,315,742	67,632,027	1,316,286	2.0%
School Department	72,043,133	75,387,189	79,079,823	82,780,770	86,750,987	3,970,217	4.8%
Non-Departmental Total	50,059,905	52,808,923	56,022,030	63,324,068	64,209,046	884,978	1.4%
General Fund Non-Departmental	47,742,201	50,481,512	53,729,242	60,694,188	61,722,092	1,027,904	1.7%
Water and Sewer Enterprise Fund Overhead *	1,869,338	1,867,647	1,855,987	2,125,747	1,973,970	(151,776)	-7.1%
Golf Enterprise Fund Overhead *	191,161	163,852	155,037	150,416	163,049	12,633	8.4%
Recreation Revolving Fund Overhead *	257,205	295,912	281,764	353,717	349,934	(3,783)	-1.1%
OPERATING BUDGET SUBTOTAL	184,566,128	190,640,805	199,346,452	212,420,580	218,592,062	6,171,483	2.9%
Revenue-Financed CIP (Special Appropriations)	7,102,000	7,379,001	12,933,500	8,581,000	9,415,000	834,000	9.7%
TOTAL APPROPRIATIONS	191,668,128	198,019,806	212,279,952	221,001,580	228,007,062	7,005,482	3.2%
BALANCE				0	0	0	

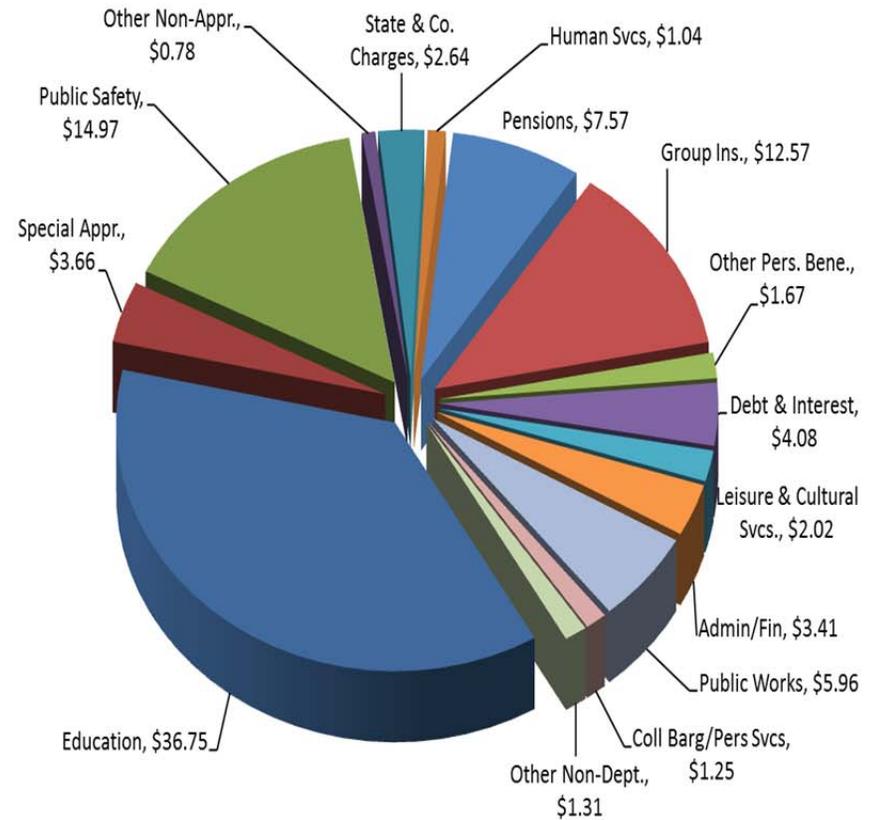
* These Overhead figures match the Water and Sewer Enterprise Fund Reimbursement, Golf Enterprise Fund Reimbursement, and Recreation Revolving Fund Reimbursement revenue sources found under the "Other Available Funds" revenue category.

**FY2015 GENERAL FUND TOTAL BUDGET
\$236,082,975**

How Each \$100 Will Be Received



How Each \$100 Will Be Spent



FY2015 GENERAL FUND OPERATING BUDGET
\$218,592,062

FULLY ALLOCATED FY2015 GENERAL FUND OPERATING BUDGET

