



February 17, 2015

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

I am pleased to submit for your consideration the Fiscal Year (FY) 2016 Budget and Financial Plan. The FY 2016 Budget balances \$273.7 million in revenue and expenses, including operation of the Town's enterprise activities. This budget represents an increase of 3.6% over the prior fiscal year. After several years of growing school enrollment and two years of planning, FY 2016 represents the year that citizens will be asked to increase the Town's property tax levy beyond the 2.5% limitation imposed by Proposition 2½. At their meeting on Tuesday, February 10, 2015, the Board of Selectmen voted to place an Override Question on the May 2015 Annual Town Election ballot seeking to permanently increase the Town's tax levy limit by \$7,665,000. This ballot initiative is part of a larger plan to finance the Town's budget over a three-year period, including a package of \$2.3 million in non-tax revenue increases and municipal efficiencies.

The Financial Plan incorporated herein does not assume availability of the Override or the additional non-property tax revenue/municipal efficiencies. Instead, we have developed the FY 2016 Budget to live within the existing revenue of the Town. In order to do so and absorb the continued increase in student enrollment, deep cuts in the School Department's budget have been made. Reductions in Municipal departments will also be made to help support education funding. Within the departmental budget section, we have created a separate column to make clear which expenses in the various departments will be restored if the Override passes. The School Department's budget document will do likewise.

To be clear, the Override funding and companion Non-Tax capacity would be allocated over a three-year period. Please find below how this funding would be allocated.

GENERAL FRAMEWORK OF THE THREE-YEAR PLAN

In millions of \$'s

Revenue

\$7.665 Override Funds
\$2.289 Non-property tax efficiencies and revenues
 \$9.954 Total Plan

Expenditures

	Year 1	Year 2	Year 3	Total
Override funds	\$6.20	\$1.465	\$0	\$7.665
Non-override funds		\$1.00	\$1.29	\$2.289
	\$6.20	\$2.465	\$1.29	\$9.954

The Town owes a substantial debt of gratitude to the Override Study Committee. The Committee was appointed by the Board of Selectmen and the School Committee in 2013 to “determine 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 2½ will be necessary to raise that revenue”. The Committee and its subcommittees met over 200 times between September 2013 and July 2014 before submitting its final report to the Board of Selectmen in August of 2014. The Committee determined that the Town did require an infusion of property taxes and non-tax revenue in order to support the operation of the School Department. They also identified \$560,000 worth of municipal “efficiencies” that could be implemented and used as budget capacity to support the School Department’s needs and \$2.3 million worth of non-property tax revenue. However, the Committee differed on the specific amount that was necessary to raise through the Tax Override. Eight of the 15 members recommended a \$5.0 million Override while the remaining seven members recommend a \$7.9 million Override (after publication of the Committee’s report, both of these amounts increased based on updated budget assumptions). Ultimately, the Board of Selectmen reconciled these differences and adopted a \$7.6 million Override.

Perhaps the most lasting contribution of the Committee was the enormous research and findings it made on the operation of municipal and school operations. The Committee created two separate models to test a series of financial assumptions and scenarios. Its subcommittees produced high-quality work covering a wide range of policy and operational issues including: School Programs, Special Education, Capital

Planning, Municipal Policies, Revenue, Employee Benefits, Fiscal Policies, Demographics, and Capacity to Pay. The Board of Selectmen relied heavily upon the Committee’s work throughout its deliberation process and valued their contributions to Brookline immensely.

The Committee also recommended raising taxes beyond the limitations of Proposition 2½ to replace and expand the Edward Devotion School. Referred to as a Debt Exclusion, this funding would be raised through increased taxes necessary to pay the principal and interest on a 25-year bond to finance the net cost of the project. The Board of Selectmen approved a Debt Exclusion Question, which will also appear on the Annual Town Election ballot in May that assumes \$41 million will be covered within the Town’s Capital Improvement Plan (CIP) Financial Policies, \$27.8 million is funded by the Massachusetts School Building Authority (MSBA), and \$49.876 million supported via the Debt Exclusion. While these costs are not projected to commence until FY 2018, this project was an integral part of the Town’s financial planning for FY 2016 and is addressed in greater detail in the CIP section of this Budget Message.

The following table shows the average tax impact to various classes of taxpayers based upon the combined effect of both the Override and the Debt Exclusion. Please note that this tax impact will be spread over a period of years.

INCREMENTAL IMPACT ON TAX BILLS

	As voted 2/10/2015									
	FY16		FY17		FY18		FY19		TOTAL	
Operating Override										
Single-Family	\$364	3.4%	\$86	0.8%	\$0	0.0%	\$0	0.0%	\$450	4.2%
Condo	\$111	3.4%	\$26	0.8%	\$0	0.0%	\$0	0.0%	\$137	4.2%
Commercial	\$797	3.4%	\$189	0.8%	\$0	0.0%	\$0	0.0%	\$986	4.2%
Debt Exclusion Override										
Single-Family	\$0	0.0%	\$0	0.0%	\$22	0.2%	\$186	1.7%	\$208	1.9%
Condo	\$0	0.0%	\$0	0.0%	\$7	0.2%	\$57	1.7%	\$63	1.9%
Commercial	\$0	0.0%	\$0	0.0%	\$48	0.2%	\$405	1.7%	\$454	1.9%
Total										
Single-Family	\$364	3.4%	\$86	0.8%	\$22	0.2%	\$186	1.7%	\$658	6.2%
Condo	\$111	3.4%	\$26	0.8%	\$7	0.2%	\$57	1.7%	\$200	6.2%
Commercial	\$797	3.4%	\$189	0.8%	\$48	0.2%	\$405	1.7%	\$1,440	6.2%

Assumes: (1) \$6.2M of additional taxing capacity from Operating Override is used in FY16, followed by \$1.465M in FY17.

(2) all "CIP Capacity" debt (\$41M) for Devotion is used first, followed by \$5M of "Debt Exclusion Capacity" then \$44.6M.

In summary, the FY 2016 Budget:

- Projects \$273.7 million in revenue, including a 2.5% increase in the tax levy, an additional \$1.85 million in taxes resulting from new construction (New Growth), an increase in State Aid of \$850,000, and an increase of \$823,460 in Local Receipts. If the Override passes, an additional \$6.2 million will be raised in taxes in FY 2016.
- Recommends the appropriation of \$90,772,380 to the School Department, representing an increase of 4.5%. If the Override is approved, funding would increase to \$96,292,380, bringing the increase to 10.9%.
- Recommends the appropriation of \$68,407,803 to fund the operation of all Municipal departments, an increase of 1%. If the Override passes, an addition \$682,000 would be added, bringing the increase to 2%.
- Proposes \$145 million in funding major capital projects and \$12 million in existing debt service, \$9.5 million of which is supported by the General Fund, as part of a long-range Capital Improvement Program.
- Meets the requirements of all fiscal policies of the Town including the establishment of financial reserves, the contribution to funding long-term liabilities and the allocation of Free Cash for capital and related purposes.

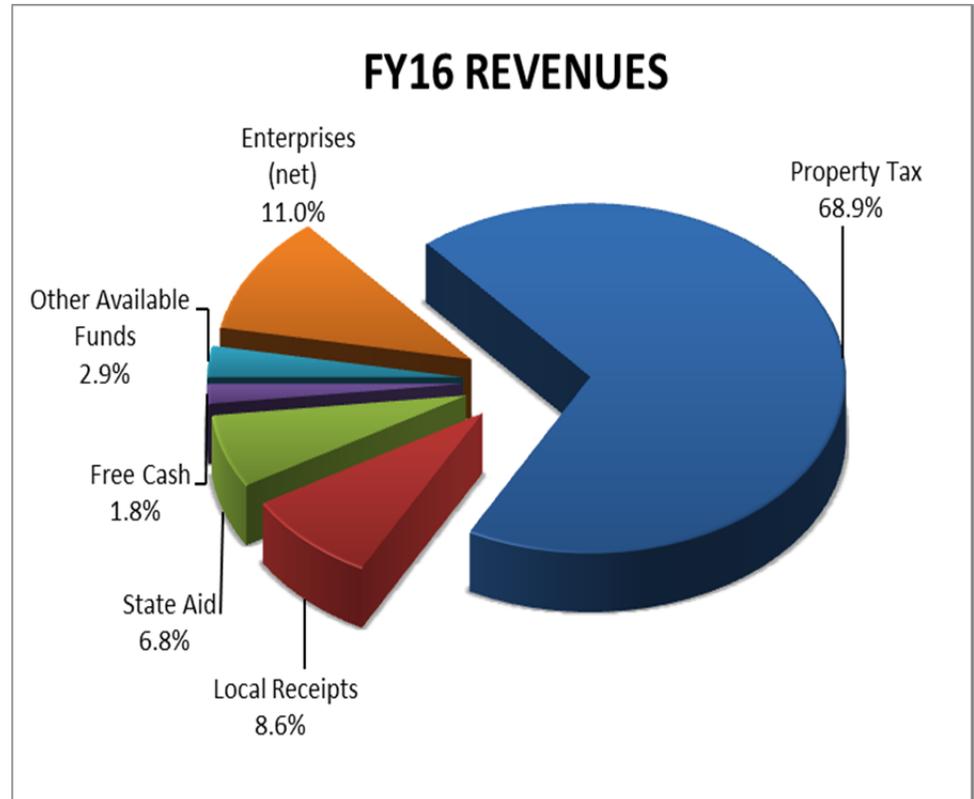
	<u>FY 2015</u>	<u>FY 2016</u>	<u>\$\$\$ CHANGE</u>	<u>% CHANGE</u>
REVENUES				
Property Tax	182,239,297	188,609,198	6,369,901	3.5%
Local Receipts	22,770,225	23,593,685	823,460	3.6%
State Aid	17,634,876	18,484,876	850,000	4.8%
Free Cash	5,084,152	5,016,500	(67,653)	-1.3%
Other Available Funds	7,903,508	7,925,643	22,135	0.3%
Enterprises (net)	28,470,036	30,063,224	1,593,188	5.6%
TOTAL REVENUES	264,102,094	273,693,126	9,591,032	3.6%
EXPENDITURES				
Municipal Departments	67,734,861	68,407,803	672,942	1.0%
School Department	86,842,577	90,772,380	3,929,803	4.5%
Non-Departmental	63,205,918	66,050,024	2,844,106	4.5%
Special Appropriations	9,415,000	10,113,000	698,000	7.4%
Enterprises (net)	28,470,036	30,063,224	1,593,188	5.6%
Non-Appropriated	8,433,705	8,286,693	(147,012)	-1.7%
TOTAL EXPENDITURES	264,102,094	273,693,126	9,591,032	3.6%

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

REVENUES

Taxes: Property taxes are projected to increase by \$6.4 million in FY 2016, or 3.5% over FY 2015. Property taxes represent over two-thirds of the total revenue available to the Town. The Property Tax increase is made up of \$4.5 million from the allowable 2.5% increase under Proposition 2½ and \$1.85 million from the value of new construction (New Growth). Approximately \$1 million of the Town’s total tax levy is attributable to meet the debt service on the prior High School project that the voters excluded from the Proposition 2½ levy limit. This tax amount will be eliminated after the final debt service payment in FY 2020. The proposed Override would add total of \$7.7 million to the Tax Levy limit, but the plan is to levy \$6.2 million of that amount in FY 2016.

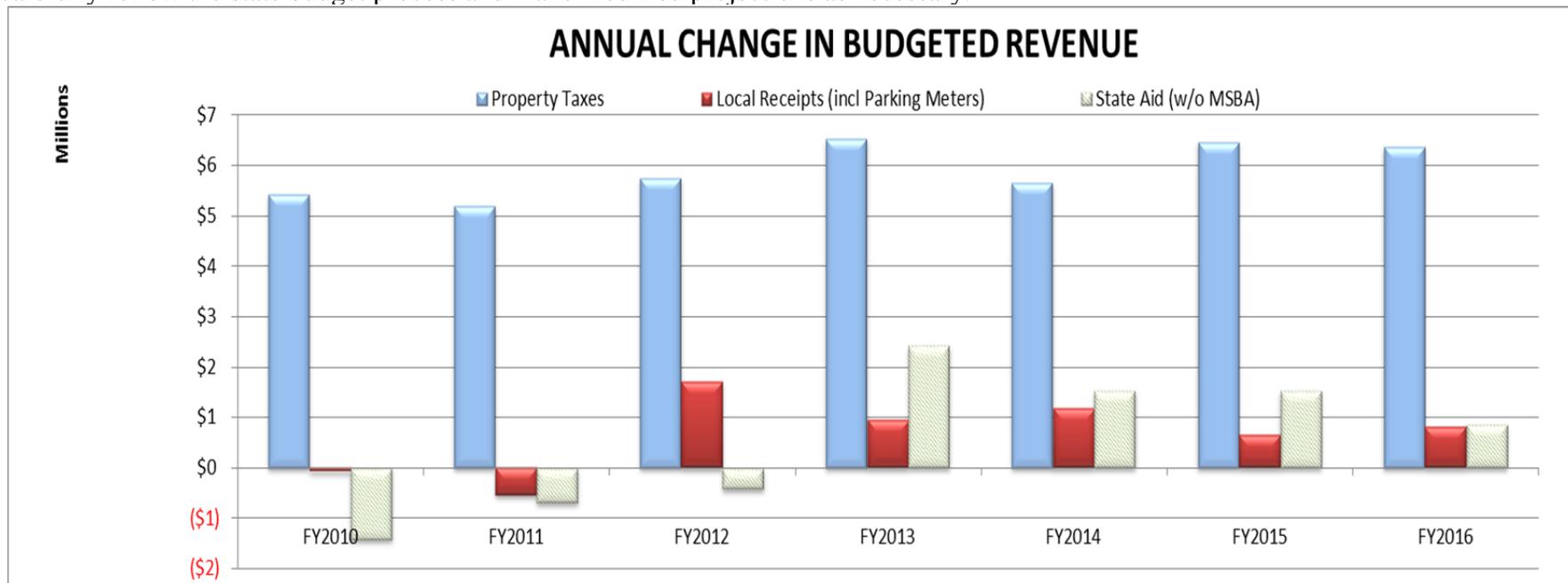
The Town’s goal is to increase the relative share of the commercial tax base. In addition to increased taxes, such development provides relief to residential taxpayers because the Town employs a dual tax rate (classification). The portion of total taxes the commercial sector pays is 171.5% greater than if the Town taxed the commercial and residential properties at the same rate. Additional commercial development adds jobs, vitality and residual revenue (e.g. meals taxes and parking meter receipts) for the Town. Progress has been made on each of the three major commercial projects that will contribute to this growth; 1.) a new hotel at the former Red Cab site on Boylston Street is under construction, 2.) the development of a hotel and related retail/residential development at the former Circle Cinema site in Cleveland Circle has been permitted, and 3.) a major office complex at 2 Brookline Place has reached agreement with the Town through amended zoning and an extensive development agreement providing financial value to the Town.



Local Receipts: FY 2016 Local Receipts are projected to increase by \$823,460, or 3.6% over FY 2015. 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

finer, Building Permit fees, the Trash Collection charge, and Local Option taxes (meals and lodging). Overall, Local Receipts have continued to rebound from the economic recession experienced over the last several years. Non-property tax revenue increases of \$2.3 million proposed by the Override Study Committee have not been built into the FY 2016 Budget. If the Override passes, I will implement a series of revenue increases over the remaining two-year period of the plan. Specifically, I will propose a \$.25/hour increase in the parking meter rate beginning in FY 2017. I am committed to convert the remaining mechanical meters within commercial areas to digital units that accept credit cards. The Committee made several other revenue recommendations including an increase in the Refuse Fee, an increase in fines for overdue library materials, an increase in cemetery burial fees, increases in the rates for the Soule Early Childhood Center, and increases in the rates for the rental of school buildings. My analysis indicated that the Committee’s recommendations cannot be fully achieved based on a number of factors. In order to offset some shortfalls in these areas, I have identified other revenue increases, including Payment in Lieu of Taxes (PILOTs) and a transaction fee for the on-line payment of Motor Vehicle Excise taxes.

State Aid: As the economy improves, aid from the Commonwealth of Massachusetts has increased. Despite a projected shortfall in the State budget this year, we have reason to believe that it will not impact the willingness of the Governor and the Legislature to provide an increased level of education aid. We are projecting an increase in Chapter 70 education aid of \$850,000, or 7.6% over FY 2015. All other State Aid categories are projected to remain level, resulting in an overall increase in State Aid of less than 5%. Each year, revenue from State Aid is uncertain given the politics of the state budget process. This year, there is even greater uncertainty with a new Governor and Senate president. State law permits the new Governor to delay his budget proposal to the Legislature, and he has opted to do so. Naturally, we will carefully follow the state budget process and make modified projections as necessary.



Other Available Funds: The Town will allocate \$7.9 million from a number of revenue sources comprising this category. Mostly, this revenue comes from Parking Meter Receipts and charges to separate Enterprise or Revolving Funds that are raised to offset general government expenses benefitting those funds. Similar to last year, we have proposed the use of \$1 million in available surpluses from prior year accounts to help fund the Capital Budget. In FY 2016, this revenue will come from the reallocation of surpluses in a series of old capital accounts.

Free Cash: Free Cash is a term specific to Massachusetts local government. Essentially, it is the State's approved amount of a municipality's unreserved fund balance from the prior year's Budget. The Town has a very detailed policy on the use of Free Cash. It is used only for non-recurring purposes such as reserves and capital expenses. The amount of Free Cash to support these purposes in FY 2016 is \$5,016,500 (see table). Please note that the total certified Free Cash available for the Town to appropriate is \$7,569,881. In order to meet the Town's policies on unrestricted reserves, we will leave \$2.55 million unappropriated.

Enterprises: The Town maintains three special funds to account for its business like activities. These include the Golf Course, the Water and Sewer Utility, and the Recreation Revolving Fund. This revenue is offset 100% on the expenditure side of this Budget. In FY 2016, the revenue (and expenses) of these funds will increase by \$1.6 million, or 5.6% over FY 2016.

Free Cash Certification	\$7,569,881
1. Operating Budget Reserve (25% of Operating Budget Reserve)	\$550,050
2. Fund Balance	\$2,553,381
a. Unreserved Fund Balance (left unappropriated)	\$2,553,381
b. Stabilization Fund (appropriated)	\$0
3. Liability Reserve (to get fund to 1% of Prior Yr Net Revenue)	\$78,970
4. Capital Improvements (to get to 7.5% of Prior Yr Net Revenue)	\$3,300,297
5. Affordable Housing Trust Fund (since Fund Balance below \$5M)	\$163,078
Sub-Total	\$6,645,775
Amount available for Special Use (#6)	\$924,106
6. Special Use:	
Additional CIP	\$924,106

EXPENDITURES

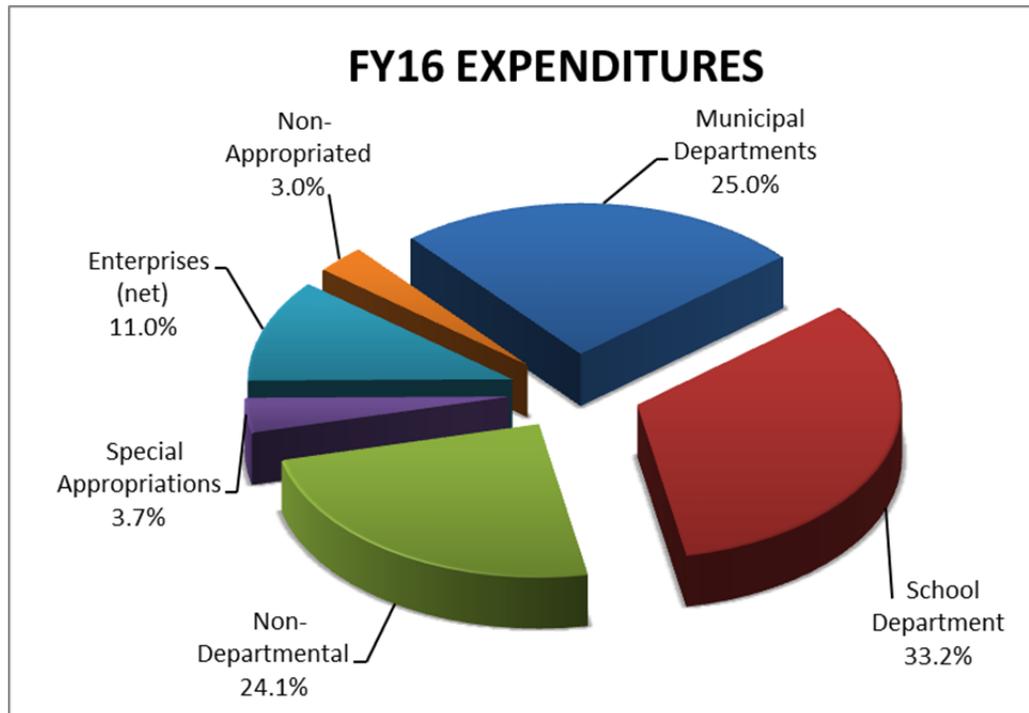
Municipal Departments: For FY 2016, it is proposed that funding for all municipal (non-school) departments be \$68,407,803, a modest increase over FY 2015 of 1.0%. This amount is inclusive of a reserve for wage and salary increases for municipal employees, conditional upon negotiated settlements. For the most part, increases in municipal departments are to fund the fixed costs of contractual step increases for eligible personnel. In most cases, increases in municipal departments are less than 1.0%.

The unrelenting school enrollment crisis has limited the availability of revenue for municipal departments. The traditional Town-School Partnership formula has been adjusted to transfer \$682,000 of municipal revenue to the School Department. This revenue has been made available through various cuts in municipal staffing, programs and services, and capital equipment. In the event the Override passes, these cuts will be restored. The result would be an increase of 2% over FY 2015. Cuts were made in most large departments, as seen in the following table.

MUNICIPAL REDUCTIONS			
Building	Vehicles		(25,000) 1 less vehicle replacement
COA	Senior Renter program		(10,000) Reduce funding for program
DPW	Traffic Control Painting		(22,500) 25% reduction
DPW	Gardener/Laborer (LN-2)	(2.00)	(91,828) Reduce grass cutting frequency
DPW	Park Ranger (PT)	(1.00)	(55,397) Eliminate Part-Time positions
DPW	Recycling Supplies		(25,000) 1 less "Big Belly" trash receptacle
Fire	Vehicles		(50,000) Delay replacement of Deputy Chief vehicle
Fire	Firefighter	(1.00)	(66,093) Eliminate 1 vacant position
Health	Mental Health Program		(42,541) Reduce by 25%
Health	Daycare inspectors	(0.48)	(25,000) Some oversight remains, responsibility of the State
Info Tech	GIS Interns	(0.40)	(11,745) Eliminate
Library	PT Salaries		(22,000) Department would remain within certification level
Police	Police Officer	(1.00)	(81,783) Eliminate 1 vacant position
Police	Park Security Interns	(1.00)	(29,052) Eliminate Part-Time positions
Police	Vehicles		(68,000) 2 fewer vehicle replacements
Purchasing	Vehicles		(16,000) Delay pool vehicle replacement
Recreation	Vehicles		(30,000) Delay van replacement
Selectmen	Metro Mayor Membership		(10,000) Eliminate participation in the MAPC initiative
TOTAL		(6.88)	(681,939)

The extent of innovations or investments in municipal departments in FY 2016 was extremely limited given the constraints imposed by the school enrollment crisis and the Override deliberations. Please refer to the Departmental Budget section for a more detailed review of changes in individual budgets. The following highlights some of these changes.

- FY 2016 represents the first full-year of funding for the new Diversity, Inclusion and Community Relations Department. Most of the funding for this department was transferred from expenses previously allocated in the Health and Human Services budget.
- The Assessing Department has proposed a reorganization of its personnel. The Commercial Valuation Director position will be eliminated and funding will be reallocated to database management resources and clerical support. An Assistant Assessor and a part-time Office Assistant positions will be established to meet those demands.
- Expenses in the Town Clerk’s budget will be reduced in FY 2016 based on a reduced election cycle.
- The Building Department has established a trial program of performing building inspections on off-hours (evenings and weekends) to better accommodate the schedule of busy homeowners. A premium fee will be assessed to cover the overtime and other costs of performing this work.

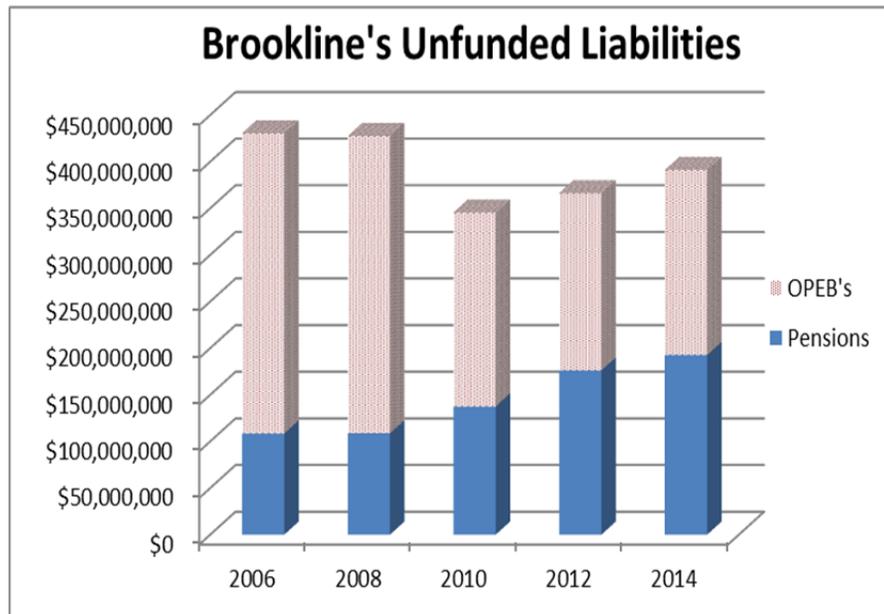


School Department: The School Department’s budget is proposed at \$90.8 million. Despite a budget increase of 4.5%, including the availability of \$682,000 in municipal department revenue, the School Department is forced to make program reductions in order to meet the demands of increasing enrollment in the elementary (K-8) levels. In addition, the Department has prioritized technology and will make investments in this area. The Override would provide an additional \$6.2 million in revenue to the Schools, representing an overall budget increase from FY 2015 of 10.9%. Please refer to the Superintendent’s budget proposal for a more detailed review of this budget.

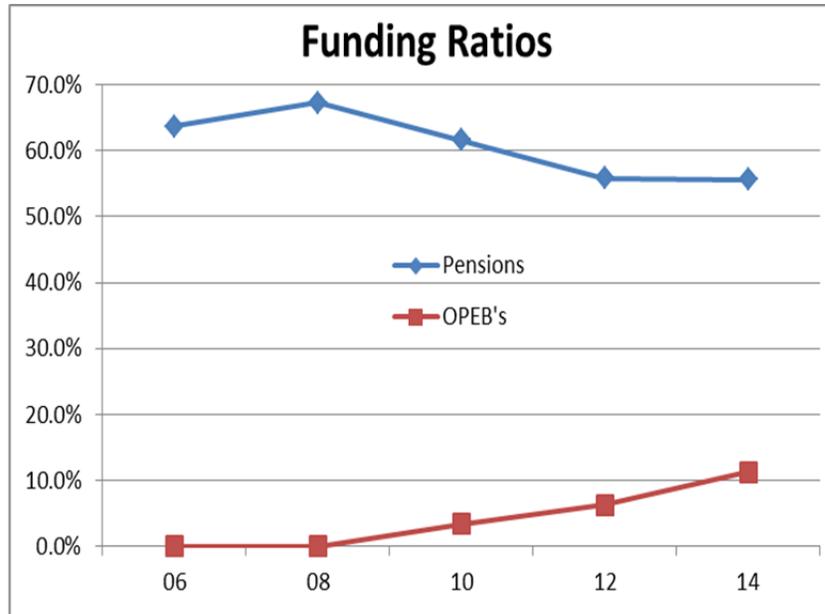
Non-Departmental: This is a large category of expenses that incorporates personnel benefits for municipal and school employees, debt service on bonds, insurance coverages and special reserve funds. The proposed budget for FY 2016 is \$66,050,024, or an increase of 4.5% over FY 2015. The largest component 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). After several years of extremely low rate increases from the Group Insurance Commission (GIC), it appears that FY 2016 will reverse this favorable trend. We are budgeting an increase for Group Health Insurance of \$1.8 million, or 7.3%. Partly the result of the improved economic climate, the GIC's plans are also being impacted by new legislative mandates and the complexity of the federal Affordable Care Act. Advances in prescription drugs and other innovative medical care also impacts costs, as does the fact that many of our employees use the teaching hospitals within Boston, the most expensive in the world. Initially budgeted for a 4% rate increase, we were able to increase this to close to 6% by reallocating funds made available by lower than projected cost of gasoline and heating oil and allocating funds that otherwise would have gone toward departmental operations.

The Town continues to proactively fund its long-term liability for pensions and retiree health care benefits (OPEB). I am particularly pleased to be able to maintain the Town's allocation of revenue to the OPEB Trust Fund. In FY 2016, we are appropriating the sum of \$3.5 million for this purpose. This will allow the Town to continue to get closer the Annual Required Contribution (ARC), which is an actuarially determined long-term funding plan similar to the one underway to eliminate our unfunded Pension obligation. The Town of Brookline is one of a handful of municipalities who are proactively addressing the OPEB problem.

Brookline's Unfunded Liabilities



Funding Ratios



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 \$10.1 million in FY 2016. This includes \$4.9 million funded by general operating revenue combined with \$4.2 million from Free Cash and \$1.03 million from the reallocation of surpluses in prior year capital projects. Together, these funds represent 8.4% of the Town's prior year net revenue. After pursuing a group of projects to expand existing school facilities as recommended by the special "B-Space" Committee, a new direction has emerged. The Town continues to plan to expand and replace the Devotion School, but it will no longer pursue an expansion and renovation at the Driscoll School. The CIP also includes funding to:

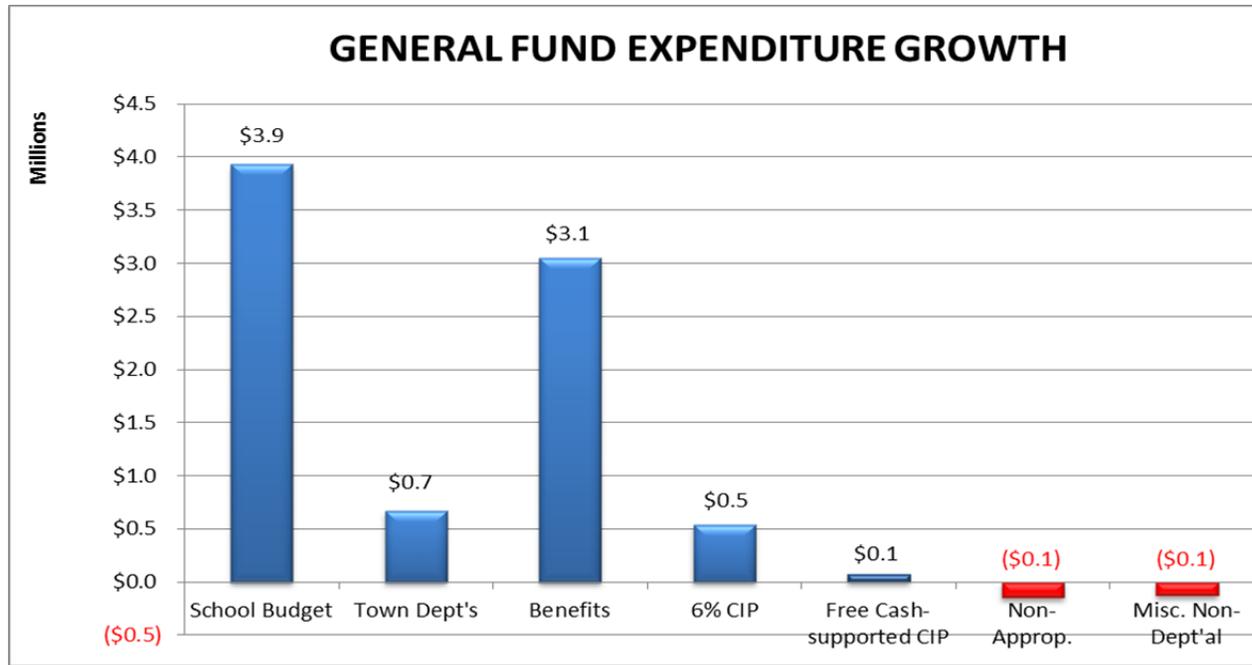
- Repair and improve the Old Lincoln School
- Expand and renovate the High School
- Implement short-term projects including modular classrooms and lease private buildings for classroom space
- Convert existing spaces into new classrooms.

Similar to the Devotion project, a 9th elementary school and expansion of the High School cannot be funded within the Town's tax resources in a Proposition 2½ environment. Debt Exclusions, which allow for debt costs to be covered outside of the Proposition 2½ limit, must be pursued for these major projects.

The FY 2016 component of the CIP funds a range of important capital projects including fire apparatus, building repairs, park and playground renovations and upgrade of public works infrastructure. 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 (\$5.2 million); the Overlay, which is a reserve for tax abatements and exemptions issued by the Board of Assessors (\$1.75 million); and the Norfolk County assessment (\$840,286). Overall, the cost of Non-Appropriated items in FY 2016 is \$8.3 million, representing a slight decrease from FY 2015.

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 2016 is \$30.1 million, an increase over FY 2015 of 5.6%. As mentioned in this Budget Message, 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). The Town is in the midst of a plan to achieve greater cost recovery in the Recreation Revolving Fund in FY 2016. As discussed in the Policy Issues/Initiatives section of this Budget Message, the Town is more aggressively recovering the full costs of the Recreation Revolving Fund. In FY 2016, we project an increase in revenue attributable to cost recovery of \$50,000.



FY 2016 POLICY ISSUES AND INITIATIVES

A Budget can appear to be an exercise in balancing revenues and expenses. In reality, the Budget serves as a policy tool for elected leaders and the administration in developing priorities for the organization. This year, the Override debate has dominated the budget process and our consideration of priorities. The Selectmen’s decision to pursue an Override and their desire to limit its impacts upon taxpayers guided our budget deliberations. After covering fixed costs, virtually all of the available budget capacity was reallocated within the traditional Town-School Partnership formula to support the School Budget. As a result, the ability to use revenue to invest in certain programs or services was limited. In fact, the Override package adopted by the Board of Selectmen mandated a reduction of \$682,000 in municipal expenditures for FY 2016 (to be restored if the Override passes) and over \$500,000 in longer-term efficiencies.

Solid Waste Collection and Disposal: Prompted by the Override challenges, the Town is finalizing a plan to initiate major changes to the way it funds and manages solid waste collection and disposal. The Town will implement a modified Pay-as-You-Throw (PAYT) system effective in FY 2016. PAYT is an established

system used in the United States and many parts of the world to enhance recycling, thereby reducing the costly and environmentally unacceptable practices of incinerating or landfilling trash. This will be achieved in Brookline by providing each homeowner with a 35 gallon container that must contain all of the trash collected each week. If trash cannot fit within this container, a homeowner will be required to purchase an “overflow” bag(s) or second container. The container will also facilitate an automated method of collecting the trash. Currently handled manually by a crew of two laborers, the new system will use one driver operating a trash truck with a mechanical arm to grab and lift the container to deposit the trash into the packer.

In addition to these operational changes, the Town took advantage of market forces and competitively procured a far less expensive contract to dispose of its solid waste.

The savings associated with the move to the modified PAYT program is estimated at approximately \$153,000, due mostly to the savings associated with the move to a one-person packer truck operation that will be made possible by investing in the automated trash collection method. Doing so allows for the elimination of three positions. In order to make this move, DPW needs to lease-purchase two automated packer trucks. In addition, the 35-gallon totes need to be procured. The State will be providing the Town with a \$200,000 grant to purchase approximately 5,560 totes; the Town will buy 5,500 and lease-purchase the remaining 2,300. The savings realized from the competitive procurement process for the loading, hauling and disposal of solid waste is \$200,000. In addition, DPW was able to move metals collection in-house, thereby saving another \$87,000. That savings was made possible by investing in “Big Bellies”, the solar-powered trash and recycling receptacles that allow for the more efficient delivery of the commercial area trash collection operation. Off-setting that \$87,000 in savings is the cost of lease-purchasing the Big Bellies. Once the lease payments for the automated packer trucks, the 35-gallon totes, and the Big Bellies are paid off, a total of \$440,000 in annual savings will be realized: \$153,000 from modified-PAYT, \$200,000 from the re-bidding of the solid waste contract, and \$87,000 from taking metals collection in-house.

At this time, it is hoped that the additional revenue generated by the overflow bags will limit the extent to which the annual solid waste fee needs to be increased to meet the non-property tax goal of the Override plan.

In total, the operational and contractual changes will eventually yield an annual savings of \$440,000, helping meet the efficiency goal of \$560,000 established by the Override Study Committee and Board of Selectmen.

Review of Building Operations and Maintenance: The Town is constantly evaluating the most cost effective and efficient manner of operating and maintaining its buildings and facilities. Each year, the Town evaluates some aspect of its building operations and maintenance for cost effectiveness. In recent years, this analysis has prompted the Town to bring contracted HVAC and Pest Control services back in-house to achieve savings. As the size and

complexity of our School buildings increase, and recognizing the residual and long-term costs of in-house staff, this methodology must be reviewed. I have allocated funding in this Budget to conduct a study of the Building Department operations to determine how we compare to similar-sized entities and to review best practices.

Reorganization of Assessing Department: The Town continues to pursue innovative ways to provide enhanced services within constrained resources. The Chief Assessor has proposed a re-organization within his department that allows him to meet the changing expectations and future needs of his department. The strides made by the department in recent years will allow them to eliminate the Commercial Valuation Director position and reallocate those resources to database management and clerical support. An Assistant Assessor and a part-time Office Assistant positions will be established to meet those demands. These changes will allow the Department to use the Assessor's database to its fullest potential and provide better service to both the public and other Town departments, all without an increase to its budget.

Establishment of Department of Diversity, Inclusion and Community Relations: After several years of contentious debate, Article 10 of the 2014 Annual Town Meeting finally passed a by-law that replaced the former Human Relations/Youth Services division with a new Diversity, Inclusion, and Community Relations (DICR) Department. The former division was funded and operated within the Health and Human Services budget. At the Special Town Meeting in November, I proposed a new budget that reallocated funds from the Health and Human Services Department and added other funds to meet the personnel and programmatic costs of this new agency. FY 2016 reflects the first full year of operation of the new department.

I appointed Dr. Lloyd Gellineau, former Human Service Director, as the first director (interim) of the DICR and the Board of Selectmen have finalized their appointments to the new Commission. We look forward to a new focus on meeting the Town's diversity and community relations challenges and to provide more robust and coordinated management of programs and services in this arena.

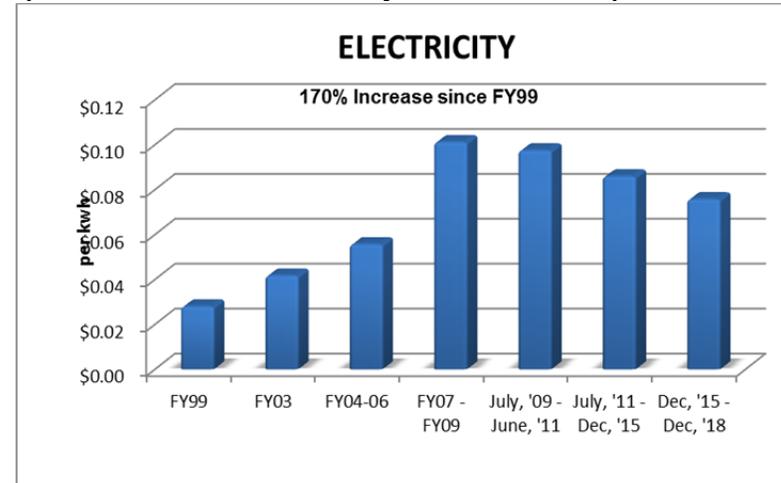
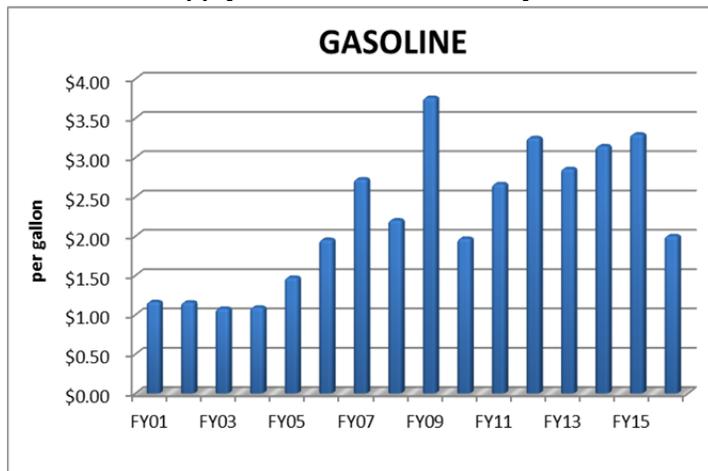
Coordination of School and Town Information Technology: A major focus on the Override Study Committee's consideration of educational programs was the relative lack of progress in technology and/or its inconsistent application across the school district. Whether the Override passes or not, the Town is committed to invest a substantial amount of financial and human resources in technology within the school system. The Committee's report stated, "We support advancing the use of technology in Brookline's classrooms, especially when tied to a strong plan driven by curricular goals and equitable access to high quality and coherent digital learning resources. We underscore the value of clear and measurable goals, and good governance (strategy, technology alignment, implementation, maintenance and staff planning and deployment) to the success of the technology plan." A subgroup of the Committee advocated for more consistent communication and collaboration between the Town and the Schools including an updated Memorandum of Agreement on technology governance.

The Superintendent of Schools and I are committed to implementing an organizational model that will meet these goals and maximize our investment in technology. We are currently engaged in a review of this matter with a team from UMass Boston’s Collins Center for Public Management. We will work with the Collins Center to help develop a governance model that will support a shared vision and appropriately assign the responsibilities for the educational use of technology as well as the business aspects including procurement, help desk support and training.

Energy Efficiency and Sustainability: The Town continues to work to find ways to stem the growth in energy consumption and mitigate rising energy prices. After facing some unexpected hurdles in the regional solar program, the Town is actively engaged with its solar developer, BlueWave, and is hopeful to have a proposal for solar arrays at several Town-owned sites ready for the Selectmen to consider sometime this spring.

The Department of Public Works’ LED Streetlight Replacement Program is underway and the FY2016 budget is reduced by approximately \$20,000 as a result. 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 \$180,000. The payback period is estimated to be less than 10 years.

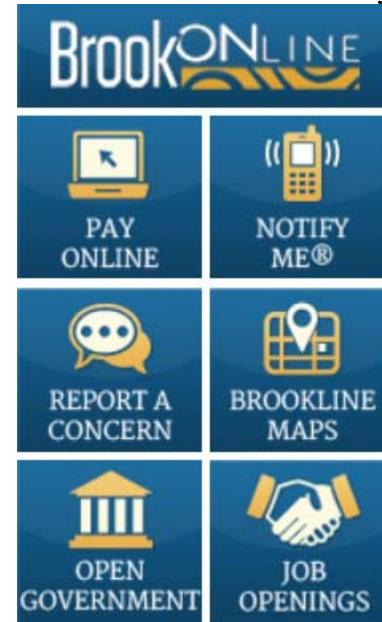
On the procurement side, the Town is realizing substantial savings in the FY 2016 Budget by taking advantage of the downturn in Gasoline and Diesel prices and has locked in contractual prices that yield approximately \$300,000 of savings in these accounts. This savings is recommended to be used as a buffer against anticipated GIC rates as described in the Expenditure summary of the Budget Message. Favorable market conditions also allowed the Town to lock in a supply contract for Electricity that will mitigate price increases announced by the utilities this past fall.



Performance Management and Open Government: Many management fads come and go, but the emphasis on using data to guide decision making will continue to be relevant, especially as computing facilitates the development and sharing of better data. Referred generally in local government as Performance Management, this process has taken hold in many areas of Brookline’s government including our budget process. Each department is required to develop performance metrics in their budget development. The challenge is to make these measurements relate to actual performance as opposed to being simply an indicator of output. While it remains important to document workload, we struggle with ways to measure actual performance.

In a service related business like local government, satisfaction by our clients (citizens), can be a useful indicator of performance. Last year, 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 (NCS) is a tested survey instrument designed to elicit feedback on essential municipal services and other factors that measure our performance. If done periodically, the survey will enable the Town to measure performance as viewed by our residents and to benchmark against the several hundred other municipalities who participate. The results of our preliminary survey were presented to the Board of Selectmen and the community in early 2014.

Another trend in performance management is to release raw data of the municipality to allow others with interest and expertise to manage this information. There are numerous examples of private citizens manipulating raw data of a government agency to develop better information or applications to for beneficial purposes. With data becoming more robust and timely (e.g. GPS), this will become a powerful trend that the Town of Brookline must embrace. We have begun this process by developing a new data portal on the Town’s web site. Already, there are examples of citizens using the Town’s GIS and other data for this purpose. Most recently, a citizen has helped the Town use data generated by the BrookOnLine system to more effectively enforce the by-law on sidewalk snow removal.



In addition to sharing data for better decision making, it has the additional benefit of enhancing citizen confidence in government. In an effort to improve the Town’s transparency in our municipal government operations and finances, we partnered with several other communities and the Commonwealth of Massachusetts to develop a web-based “Open Checkbook” application. This application, linked directly to the MUNIS financial system, allows a citizen to view detailed expenditure of public funds. The Brookline Open Checkbook went live in early-2014 and I am excited about the opportunity it provides residents to become even more aware of how we spend public funds.

Cost Recovery in Municipal Services: While local government is not a business, the limitation on property taxes and other financial resources has required Brookline to develop fees for non-traditional government services. This also has the benefit of making citizens or others who use the services fund them. Many policy and legal issues arise in this arena. What are non-traditional services and what percentage of them should the Town's property taxes support? If there are private businesses performing a similar service, how should the Town price these services? Should we provide them at all? These are many of the questions the Town faces when managing fees for services. This is especially relevant in the area of recreational services. The Town's Recreation Department provides a range of outstanding programs and services to citizens of all ages. Some services are clearly enterprise based, like the golf course. The Town has created a special fund for this purpose and recovers 100% of its costs, both direct and indirect, for this operation. Other services are funded through a Revolving Fund, which is not fully self-supporting through fees. For example, in FY 2015, the Town's property tax subsidized \$584,000 for administration of the Department and over \$400,000 for operation of the Aquatic Center. The Soule Early Childhood Center provides quality year-round childcare and early educational services. The Recreation Department has begun a process to move towards 100% cost recovery within a three-year period (FY 2015- FY 2017), increasing fees by 20% in each year. The Override Study Committee has encouraged an even more aggressive approach in tailoring these fees to the market of private childcare enterprises. I will continue to explore with the Recreation Commission, Board of Selectmen and Advisory Committee, the fundamental policy issues associated with this question.

Legal Staffing and Costs: A review of the Town's legal staffing and costs is underway. As is appropriate for a municipal organization the size and complexity of Brookline, the Town maintains an in-house staff of attorneys, paralegals and related support personnel. More specialized services, such as environmental and labor law, are contracted for with private lawyers or law firms.

With the promotion of an Associate Town Counsel to fill the vacant Town Counsel position, we upgraded the newly vacated position to serve as an Assistant Town Counsel. During the process to fill these positions, I was alarmed to note the volume and expense of contracted legal services for employment related issues. This has prompted a review to determine the appropriate mix of in-house vs. contracted legal services in order to get this cost center under control and to provide the most effective services to the Town.

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 acts as a bridge between a municipality's annual operating budget and 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 2016 – FY 2020 Long Range Financial Projection for the General Fund makes the following key assumptions:

- New Growth in the Property Tax Levy of \$1.8 million per year, augmented by the redevelopment of the former Red Cab Site (\$50,000 in FY 2016, \$595,000 in FY 2017, and \$215,000 in FY 2018) and by the re-development of 2 Brookline Place (\$685,000 in FY 2018, \$1 million in FY 2019, and \$615,000 in FY 2020).
- For State Aid in FY 2016, assume an increase of \$850,000. For FY 2017 - FY 2020, annual 2.5% increases in Ch. 70 and Unrestricted General Government Aid (UGGA).
- For Local Receipts, FY 2016 reflects an increase of \$823,460 (3.6%). In FY's 2017-2020, limited growth is expected (approximately \$300,000 / yr, or 1.2%), augmented by \$325,000 in additional Hotel Excise Taxes from the redevelopment of the former Red Cab Site (\$50,000 in FY 2017 and \$275,000 in FY 2018).
- Use of Free Cash continues to follow the Town's Free Cash Policy, most recently updated by the Selectmen in 2011.

- A 2% wage increase for all years for all unions.
- Inflation in most Services, Supplies, and Capital Outlay accounts of 1.5% - 2.5% (approximately \$240,000 per year for the Schools and \$250,000 for Town departments).
- Annual utility increases of \$150,000.
- Annual Special Education growth of \$775,000 - \$800,000.
- Enrollment growth cost increases of \$800,000 - \$900,000 per year.
- Step increases in the School Department of \$750,000 per year and \$250,000 per year for Town Departments.
- For FY 2016, a Health Insurance rate increase of 4% and an increase in enrollment of 40. For FY's 2017-2020, assume a 4% 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 2016 and 2017).
- 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 2017 and beyond, starting at \$737,000 in FY 2017 and reaching \$3.1 million by FY 2020. 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
FY2016 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUE					
Property Taxes	188,609,198	196,014,928	203,561,491	214,555,185	222,193,691
Local Receipts	23,593,685	23,363,754	23,912,672	24,206,727	24,506,147
Motor Vehicle Excise (MVE)	5,350,000	5,457,000	5,566,140	5,677,463	5,791,012
Local Option Taxes	2,475,000	2,545,500	2,841,410	2,898,238	2,956,203
Licenses & Permits	1,191,275	1,191,275	1,191,275	1,191,275	1,191,275
Parking / Court Fines	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
General Government	3,637,210	3,685,179	3,753,382	3,807,532	3,862,567
Interest Income	740,000	758,500	777,463	796,899	816,822
PILOTs	1,335,000	836,700	863,434	890,203	917,007
Refuse Fee	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Departmental & Other	2,015,200	2,039,600	2,069,568	2,095,117	2,121,262
State Aid	18,484,876	19,026,111	19,481,114	19,947,491	20,303,433
General Government Aid	5,750,919	5,892,154	6,036,920	6,185,305	6,337,400
School Aid	12,567,112	12,967,112	13,277,349	13,595,341	13,799,188
Tax Abatement Aid	40,402	40,402	40,402	40,402	40,402
Offset Aid	126,443	126,443	126,443	126,443	126,443
Other Available Funds	7,925,643	6,985,323	7,084,540	7,188,509	7,297,468
Parking Meter Receipts	4,300,000	4,300,000	4,300,000	4,300,000	4,300,000
Walnut Hill Cemetery Fund	75,000	75,000	75,000	75,000	75,000
Reimb./Pymts from Enterprise Funds	2,166,519	2,245,741	2,328,167	2,414,445	2,504,762
Reimb. from Rec Revolving Fund	354,124	364,582	381,372	399,064	417,705
Capital Project Surplus	1,030,000	0	0	0	0
Free Cash (for Appropriation)	5,016,500	4,100,000	4,200,000	4,400,000	4,500,000
Capital Improvements/Other Spec Approp.	4,224,403	3,423,311	3,537,875	3,665,011	3,792,830
Operating Budget Reserve	550,050	570,552	589,646	610,835	632,138
Strategic Reserves	<u>242,047</u>	<u>106,138</u>	<u>72,479</u>	<u>124,154</u>	<u>75,032</u>
TOTAL REVENUE	243,629,902	249,490,116	258,239,817	270,297,913	278,800,739
\$\$ Increase	7,997,845	5,860,214	8,749,701	12,058,096	8,502,826
% Increase	3.4%	2.4%	3.5%	4.7%	3.1%

**TOWN OF BROOKLINE
FY2016 PROGRAM BUDGET**

BUDGET MESSAGE

	2016	2017	2018	2019	2020
EXPENDITURES					
Departmental	67,307,803	68,946,842	70,649,933	72,293,475	74,161,657
Personnel	49,671,687	50,918,687	52,173,687	53,648,687	55,053,687
Services	8,225,339	8,430,973	8,641,747	8,857,791	9,079,235
Supplies	2,125,379	2,128,513	2,181,726	2,236,269	2,292,176
Other	563,832	577,928	592,376	607,185	622,365
Utilities	4,943,256	5,093,256	5,243,256	5,393,256	5,543,256
Capital	1,758,310	1,777,486	1,797,141	1,530,288	1,550,938
Intergovernmental	20,000	20,000	20,000	20,000	20,000
Coll. Barg. - Town	1,100,000	1,130,000	1,150,000	1,180,000	1,200,000
Schools	89,324,380	93,105,297	96,906,468	100,884,929	104,272,942
Coll. Barg. - School	1,448,000	1,480,000	1,510,000	1,540,000	1,580,000
Non-Departmental - Benefits	53,551,265	55,891,408	58,861,533	61,973,254	65,203,333
Pensions	18,707,021	19,681,694	20,699,582	21,768,532	22,901,544
Group Health	26,971,125	27,934,876	29,419,005	30,976,897	32,612,094
Health Reimbursement Account (HRA)	70,000	0	0	0	0
Retiree Group Health Trust Fund (OPEB's)	3,499,119	3,784,838	4,100,330	4,406,299	4,707,676
EAP	28,000	33,000	33,000	33,000	33,000
Group Life	145,000	148,625	152,341	156,149	160,053
Disability Insurance	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,550,000	1,588,750	1,628,469	1,669,180	1,710,910
Public Safety IOD Medical Expenses	250,000	275,000	275,000	275,000	275,000
Unemployment Compensation	300,000	300,000	300,000	325,000	325,000
Medical Disabilities	40,000	45,000	50,000	50,000	50,000
Medicare Coverage	1,975,000	2,083,625	2,187,806	2,297,197	2,412,056
Non-Departmental - General	819,970	683,315	693,708	729,836	746,375
Liability/Catastrophe Fund	78,970	76,509	70,671	78,861	79,104
Affordable Housing	163,078	4,444	271	6,794	611
General Insurance	382,645	401,777	421,866	442,959	465,107
Audit/Management Services	130,000	135,000	135,000	135,000	135,000
Misc.	65,278	65,585	65,900	66,222	66,553
Non-Departmental - Debt Service	9,478,591	11,144,448	13,539,175	17,366,247	17,861,066
General Fund	9,478,591	11,144,448	13,539,175	17,366,247	17,861,066
Non-Departmental - Reserve Fund	2,200,198	2,282,207	2,358,583	2,443,340	2,528,553
Tax Supported	1,650,149	1,711,655	1,768,938	1,832,505	1,896,415
Free Cash Supported	550,050	570,552	589,646	610,835	632,138
Special Appropriations	10,113,000	7,080,505	5,231,000	5,169,782	5,277,459
Tax Supported	4,858,597	3,657,194	1,693,125	1,504,772	1,484,630
Free Cash Supported	4,224,403	3,423,311	3,537,875	3,665,011	3,792,830
Other	1,030,000	0	0	0	0
Non-Appropriated	8,286,693	8,483,376	8,684,977	8,891,618	9,103,425
State Assessments	6,385,250	6,538,183	6,694,940	6,855,616	7,020,309
Cherry Sheet Offsets	126,443	126,443	126,443	126,443	126,443
Overlay	1,750,000	1,793,750	1,838,594	1,884,559	1,931,673
Tax Titles - Deficits/Judgements	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	243,629,902	250,227,399	259,585,378	272,472,483	281,934,810
\$\$ Increase	7,997,845	6,597,498	9,357,979	12,887,105	9,462,327
% Increase	3.4%	2.7%	3.7%	5.0%	3.5%

**TOWN OF BROOKLINE
FY2016 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
CUMULATIVE SURPLUS/(DEFICIT)	0	(737,283)	(1,345,561)	(2,174,570)	(3,134,071)
DEFICIT AS A % OF OP REV	0.0%	-0.3%	-0.5%	-0.8%	-1.1%
Surplus / (Deficit) Prior to Collective Bargaining	2,548,000	769,608	(980,124)	(2,990,450)	(5,213,767)
Town Share of Surplus / (Deficit)	1,100,000	1,014,325	1,279,537	1,168,669	1,202,808
Town Collective Bargaining	1,100,000	1,130,000	1,150,000	1,180,000	1,200,000
Total Town Surplus / (Deficit)	0	(115,675)	129,537	(11,331)	2,808
School Share of Surplus / (Deficit)	1,448,000	833,208	33,365	(661,739)	(1,552,195)
School Collective Bargaining	1,448,000	1,480,000	1,510,000	1,540,000	1,580,000
Total School Surplus / (Deficit)	0	(646,792)	(1,476,635)	(2,201,739)	(3,132,195)

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 \$400 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 2016 – FY 2021 CIP calls for an investment of \$274.4 million, for an average of approximately \$46 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. Over the last 10 years (FY 2006 – FY 2015), the Town has authorized expenditures of \$184.9 million, for an average of nearly \$18.5 million per year.

While all policies are adhered to, it is not possible to fund the \$118.4 million Devotion School project and the lease/rental costs associated with the “short-term” space plan adopted by the School Committee within the 7.5% Financing policy. Therefore, a Debt Exclusion Override is assumed for a portion of the Devotion School project. In order to release some of the pressure on the CIP and fund the aforementioned short-term space plan costs, the recommendation is to use \$41 million of CIP capacity for the Devotion School project rather than the \$54 million that had been carried for the project two CIP cycles ago. The result is a Debt Exclusion amount of approximately \$49.6 million. In addition, this CIP recommends that the \$1 million approved for the Driscoll School project last year by Town Meeting be re-appropriated in FY16 to support the Classroom Capacity account.

It should be clearly noted that no capacity exists for any future major elementary school project(s), whether it be an expansion at an existing elementary school or the construction of a new 9th K-8 school. That means an additional Debt Exclusion(s) would be required. Also, this recommended CIP provides funding in FY19 for a portion of a BHS project in an amount that fits within the 7.5% CIP Financing Policy (\$35.1 million Town share). Any amount above that would also have to be funded via a Debt Exclusion.

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 school overcrowding issue continues to be the most urgent CIP need, consuming more of the CIP and necessitating Debt Exclusion Overrides. Kindergarten classes of approximately 400 – 425 students have been replaced with classes of 600 – 680. As those classes move forward through the system, there will continue to be annual classroom space deficiencies, absent significant changes to current school policies. This not only results in immediate classroom space needs in the elementary schools, it also means that the High School will face a space crisis in 3-4 years. This recommended CIP continues to address this issue in a comprehensive manner.

School Enrollment is an issue that the Town must continue to address. This recommended CIP includes the following items that address the space needs issue:

- Devotion School – a renovation/addition project that reflects the most recent cost estimates (\$118.4 million) is included. This Preliminary CIP assumes that (a) the MSBA’s effective reimbursement rate will be 24% and (b) \$49.6 million of the Town’s share will be funded via a Debt Exclusion, leaving \$41 million funded by the CIP and \$27.8 million by the MSBA.
- 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 FY’s 2013-2015. The CIP includes an additional \$6 million over the course of the six years, with \$2.25 million coming in FY 2016. The amount requested for FY 2016 will go toward the lease of spaces for BEEP (\$550,000), the rental of property to help address Pierce School space needs (\$150,000), leased modulars at Baker School (\$50,000), 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. The \$2.25 million in FY 2016 will also cover the up-front costs associated with preparing rental property to help provide additional classroom space for the Pierce School and for setting up modular classrooms at the Baker School. The \$750,000 in each of the out-years covers the annual costs of all leases/rentals.

- High School – with the larger grades making their way through the elementary schools, they will soon be at the High School. The CIP provides funding in FY 2019 for a portion of a high school expansion and renovation project, with the MSBA funding 35% (\$18.9 million) and the Town funding the balance (\$35.1 million). Any amount above the \$35.1 million Town share will have to be funded via a Debt Exclusion Override. In addition, \$1.75 million is included in FY 2017 for the feasibility/schematic design portion of the project, with \$1.14 million (65%) being the assumed Town’s share and \$612,500 (35%) the MSBA’s. The scope of this project will become clearer once the concept planning study being conducted by Symmes, Maini & McKee Associates is complete. I should note that the Town’s share is possible because of a significant amount of debt runoff in FY’s 2022-2023. While that timing (FY 2023) does not match the desired construction timeline, the use of short-term borrowing (BAN’s) helps delay the full impact of the debt service associated with the project.
- Major K-8 Project(s) – even with all of the other projects recommended in this CIP, it is likely that additional space will be required, whether it comes from an expansion at an existing elementary school(s) or the construction of a new 9th K-8 school. There is no CIP capacity for this project(s), meaning a debt exclusion override(s) would be necessary. Please see the Strategic Planning section of this report recommending a Site Identification Study to help inform this component of the CIP as we move forward.
- Old Lincoln School – in FY 2014, \$3 million was appropriated for preparing the Old Lincoln School to serve as “swing” space for the Devotion School and other future school projects. An additional \$1 million is proposed in FY 2016 to cover repairs necessary to make this building a fully functioning school, including work to install new cabinet unit heaters throughout the building and to enhance temperature control systems.
- Driscoll School – this project has been removed because the MSBA notified the Town recently that the Driscoll School Statement of Interest (SOI) will not be invited for participation at this time. As a result, this project is removed from the CIP and the \$1M appropriated in May, 2014 for feasibility/schematic design is being recommended for re-appropriation as part of the Classroom Capacity item.

Even with the pressure placed on the CIP by the overcrowding issue, this recommended CIP continues the Town’s commitment to public works projects, including upgrading its parks/playgrounds, streets/sidewalks, water/sewer infrastructure, and other areas. There is \$21.1 million of specific park projects included, as shown in the table below:

**TOWN OF BROOKLINE
FY2016 PROGRAM BUDGET**

BUDGET MESSAGE

	Total	Prior Year (FY15)	FY2016 Amount	FY2017 Amount	FY2018 Amount	FY2019 Amount	FY2020 Amount	FY2021 Amount	Future Years Amount
Pierce Playground	1,070,000	90,000	980,000						
Brookline Ave Playground	890,000		890,000						
Emerson Garden Playground	760,000		60,000	700,000					
Corey Hill Playground	740,000		40,000	700,000					
Brookline Reservoir Park	1,880,000			80,000	1,800,000				
Harry Downes Field & Playground	880,000			80,000	800,000				
Murphy Playground	850,000				60,000	790,000			
Schick Playground	955,000					70,000	885,000		
Soule Athletic Fields	685,000						50,000	635,000	
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	1,175,000					100,000		1,075,000	
Riverway Park	425,000								425,000
Cypress Playground/Athl. Field	1,650,000								1,650,000
TOTAL	21,130,000	90,000	1,970,000	1,560,000	2,660,000	3,660,000	1,005,000	4,610,000	5,575,000

There is \$17.7 million programmed for streets/sidewalks, with \$5.7 million funded from the State’s Ch. 90 program. In FY 2014, \$2.5 million was appropriated for renovations of the Municipal Service Center (MSC), centered on the flooring issue that plagued the building for years. The Commissioner of DPW has worked closely with Building Dept. project management staff and believes that, based on architect estimates, another \$650,000 is required. They will be going out to bid soon and will have a better sense of whether these funds will be required by the time Town Meeting commences. Lastly, there is \$6 million for wastewater infrastructure improvements, allowing the Town to continue its efforts to modernize the sewer system and, ultimately, reduce the Town’s MWRA assessment.

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 newer, larger fire equipment. 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, which was funded between FY 2013 – FY 2015 (\$890,000). The final phase (mechanical, electrical, plumbing) is included (\$1.8 million) in this recommended CIP, starting with \$350,000 in FY 2017.

This recommended 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 the shop is not large enough to allow access to many of the Department’s vehicles, leaving 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 is obviously unsafe when on the street and inefficient when working in locations away from the shop and all its tools and equipment. 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 located at Station #6. In FY 2015, \$40,000 was appropriated for feasibility. In FY 2017, \$4.5 million is included for design and construction.

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. The CIP continues to follow the policy and replaces Tower #1 in FY 2018 (\$1 million) and Engine #6 in FY 2019 (\$660,000). It also includes \$920,000 for rehabs.

There are four strategic studies included in the recommended CIP, the first two of which are a direct outcome of the recommendations of the Override Study Committee (OSC):

- Strategic Asset Plan – this would focus on public facilities in order to consolidate all information relative to real property owned by the Town; determine and address any gaps in that information; identify current and projected needs for municipal facilities and services; develop strategies to respond to those needs be it new or expanded municipal buildings, active or passive open space, multiple municipal-use facilities, infrastructure, land banking, etc.; and identify any parcels that may be appropriate for redevelopment opportunities. \$75,000 is included in FY16.
- Planning Analysis of Large Properties – the Town is essentially, but not completely, built-up. Simultaneously, as a highly desirable community in which to live and invest, Brookline is subject to intense residential development pressure. The Town needs to be concerned that major privately-owned parcels, most of which are currently in institutional and/or non-profit use, may eventually succumb to that pressure and be developed. \$100,000 is included in FY 2017 to fund a study will allow for a comprehensive approach to identifying possible school use or other preferred use for each of these properties and how best to encourage those uses.
- Centre St. East Parking Lot / Harvard St. Study – the Centre Street East parking lot needs significant renovations in terms of curbing, pavement, and associated improvements. Funding for this project has been moving along in the CIP. However, the commitment to address these needs provides an opportunity for the Town to identify and integrate other needs confronting Coolidge Corner into planning for the parking lot, thereby promoting an efficient use of the publicly-owned parcel. The possibility of introducing a solar energy project compatible with the parking lot use has also been identified. Based on a preliminary Reconfiguration Study of the parking lot conducted in early 2014, the Town intends to hire a consultant to further develop conceptual plans. \$100,000 is included for this purpose in FY 2016.
- Public Safety Computer Aided Dispatch (CAD) – perhaps the Town's single most important system, the CAD is now 10 years old and in need of either a significant upgrade or replacement. While upgrades and additional modules have been installed over the years, the time is right to take a comprehensive look at the system and determine whether it meets the current and future needs of the Police and Fire Departments. \$75,000 in included in FY 2016.

The Village Square/Gateway East and Riverway Park Pedestrian/Bike Path projects are slated for FY 2016-FY 2017. These significant public works projects are both projects being funded 100% with non-Town funding, as shown in the table below:

	<u>FY2016</u>	<u>FY2017</u>
Village Sq. Circulation Improv. - CD	750,000	
Village Sq. Circulation Improv. - Offsite Improvements from 2 Brookline PI	750,000	
Village Sq. Circulation Improv. - State Grant (TIP)	4,375,971	
Village Sq. Circulation Improv. - Total	5,875,971	-
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

Some of the major projects proposed in the CIP include:

- Devotion School - \$90.6 million of Town funding (of which \$49.6 million is from a Debt Exclusion) + \$27.8 million of State funding (FY 2016)
- BHS - \$36.2 million of Town funding + \$19.5 million of State funding (FY 2017, FY 2019)
- Classroom Capacity - \$6 million (FY 2016-2021)
- Village Square - \$5.9 million (FY 2016) - - all outside funding
- Larz Anderson - \$4.9 million (FY 2019, FY 2021)
- Fire Fleet Maintenance / Training Facility - \$4.5 million (FY 2017)
- Fire Sta. Renovations - \$1.9 million (FY 2015, FY 2017-2020)
- Brookline Reservoir Park - \$1.9 million (FY 2017-2018)
- Fire Station Renovations - \$1.8 million (FY 2017-FY 2021)
- Riverway Park Ped/Bike Path - \$1.5 million (FY 2017) - - all outside funding
- Robinson Playground - \$1.2 million (FY 2019, FY 2021)
- Old Lincoln School - \$1 million (FY 2016)
- Golf Course - \$1 million (FY 2016) -- enterprise fund

Continued major investments include:

- Street and Sidewalk Rehab - \$20.7 million
- Parks and Open Space - \$20.4 million

**TOWN OF BROOKLINE
FY2016 PROGRAM BUDGET**

BUDGET MESSAGE

- Town/School Bldg Envelope/Fenestration Repairs - \$11.5 million
- Town/School Roofs - \$6.4 million
- Fire Apparatus- \$2.6 million
- Water & Sewer Infrastructure - \$6 million -- enterprise fund
- Information Technology - \$1.7 million
- Tree Replacement - \$1.4 million
- Energy Conservation - \$1.1 million

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

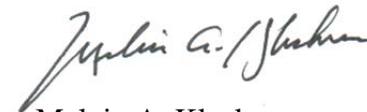
CONCLUSION

The FY 2016 Budget process has been part of the larger Override process, focusing on the Town's longer-term fiscal sustainability in light of a dramatically increasing student population. The outcome of the Override in May will affect the manner in which the Town funds its public education and municipal services for years to come. I wish to thank the Override Study Committee for their contributions to the Town. I am confident that the cost of such a quality and comprehensive review of the Town's financial condition and operations would have cost in excess of \$100,000 if it were contracted for privately.

I would also like to acknowledge the contributions of the Town's department heads and financial personnel who helped develop this Financial Plan. I am especially grateful to Sean Cronin and Melissa Goff for their preparation of this document and the level of policy review that takes place as part of the budget process. As I write this Budget Message, long-time Deputy Town Administrator Sean Cronin is preparing to transition to state government as a senior manager in Governor Baker's new administration. For the last seventeen years, Mr. Cronin has been an invaluable asset to the Town of Brookline for his budget acumen and his relentless pursuit of excellence in local government.

Finally, I look forward to working with the Board of Selectmen and the Advisory Committee over the next few months as this Budget is reviewed 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 INFO

FY2016 FINANCIAL PLAN SUMMARY

	FY2015	FY2016	INCREASE/DECREASE	
			\$	%
REVENUE				
General Fund Revenue	235,632,058	243,629,902	7,997,844	3.39%
Water and Sewer Enterprise Fund (less Water & Sewer Overhead included in General Fund Revenue)	26,875,588 (1,973,970)	28,324,905 (1,988,729)	1,449,317 (14,758)	5.39% 0.75%
Golf Enterprise Fund (less Golf Overhead included in General Fund Revenue)	1,331,923 (163,049)	1,376,311 (177,791)	44,388 (14,742)	3.33% 9.04%
Recreation Revolving Fund (less Rec. Revolving Fund Overhead included in General Fund Revenue)	2,749,478 (349,934)	2,882,651 (354,124)	133,173 (4,190)	4.8% 1.2%
TOTAL REVENUE	264,102,094	273,693,126	9,591,032	3.6%
APPROPRIATIONS				
General Fund Operating Budget	217,783,356	225,230,209	7,446,853	3.4%
Non-Appropriated Budget *	8,433,705	8,286,693	(147,012)	-1.7%
<u>Revenue-Financed CIP Budget</u>	<u>9,415,000</u>	<u>10,113,000</u>	<u>698,000</u>	<u>7.4%</u>
General Fund Total	235,632,060	243,629,902	7,997,842	3.4%
Water and Sewer Enterprise Fund (less Water & Sewer Overhead included in General Fund Revenue)	26,875,588 (1,973,970)	28,324,905 (1,988,729)	1,449,317 (14,758)	5.4% 0.7%
Golf Enterprise Fund (less Golf Overhead included in General Fund Revenue)	1,331,923 (163,049)	1,376,311 (177,791)	44,388 (14,742)	3.3% 9.0%
Recreation Revolving Fund (less Rec. Revolving Fund Overhead included in General Fund Revenue)	2,749,478 (349,934)	2,882,651 (354,124)	133,173 (4,190)	4.8% 1.2%
TOTAL APPROPRIATIONS	264,102,094	273,693,126	9,591,032	3.6%
BALANCE	0	0	0	

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

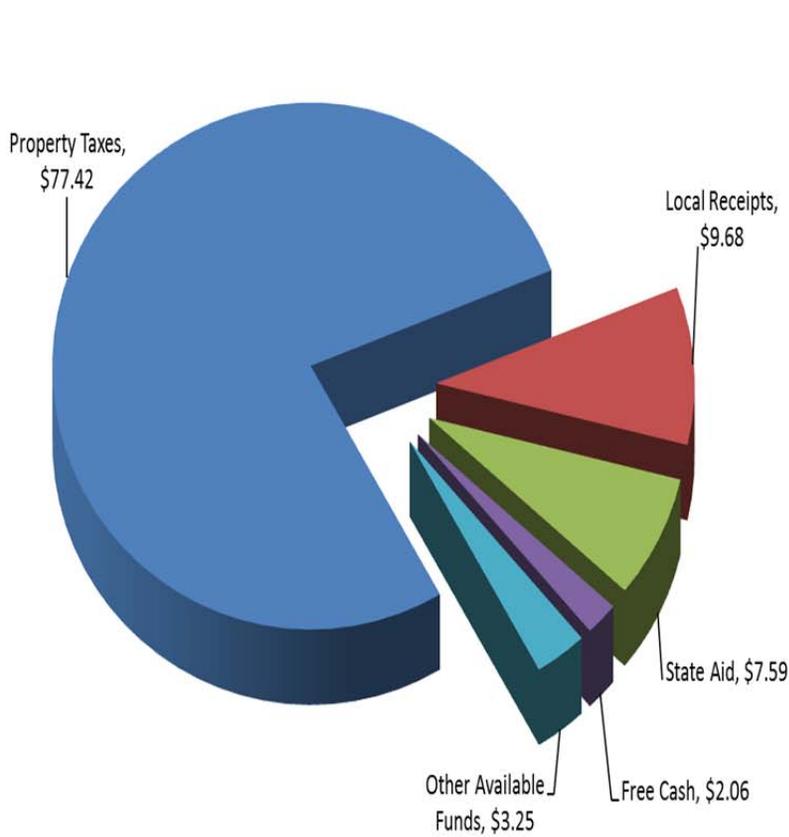
FY2016 RECOMMENDED GENERAL FUND BUDGET SUMMARY

	FY2012 ACTUAL	FY2013 ACTUAL	FY2014 ACTUAL	FY2015 BUDGET	FY2016 BUDGET	INCREASE/DECREASE	
						\$	%
REVENUE							
Property Tax	162,674,174	169,029,414	174,869,775	182,239,297	188,609,198	6,369,901	3.5%
Local Receipts	23,849,795	24,480,797	25,522,496	22,770,225	23,593,685	823,460	3.6%
State Aid	13,796,975	15,125,059	16,633,741	17,634,876	18,484,876	850,000	4.8%
Free Cash	5,380,264	5,336,413	7,655,155	5,084,152	5,016,500	(67,653)	-1.3%
Other Available Funds	6,618,966	11,894,344	6,852,688	7,903,508	7,925,643	22,135	0.3%
TOTAL REVENUE	212,320,174	225,866,027	231,533,856	235,632,058	243,629,902	7,997,844	3.4%
(LESS) NON-APPROPRIATED EXPENSES							
State & County Charges	5,671,508	6,105,553	6,196,321	6,201,541	6,385,250	183,709	3.0%
Tax Abatement Overlay	1,910,493	1,958,780	1,726,503	2,080,721	1,750,000	(330,721)	-15.9%
Deficits & Judgments	7,374	16,784	3,049	25,000	25,000	0	0.0%
Cherry Sheet Offsets	106,839	109,160	111,026	126,443	126,443	0	0.0%
TOTAL NON-APPROPRIATED EXPENSES	7,696,214	8,190,277	8,036,899	8,433,705	8,286,693	(147,012)	-1.7%
AMOUNT AVAILABLE FOR APPROPRIATION				227,198,355	235,343,210	8,144,854	3.6%
APPROPRIATIONS							
Town Departments	62,444,693	64,244,598	65,964,139	67,734,861	68,407,803	672,942	1.0%
School Department	75,387,189	79,079,823	82,780,770	86,842,577	90,772,380	3,929,803	4.5%
Non-Departmental Total	52,808,923	56,022,030	60,329,975	63,205,918	66,050,024	2,844,106	4.5%
General Fund Non-Departmental	50,481,512	53,729,242	57,700,095	60,718,965	63,529,381	2,810,417	4.6%
Water and Sewer Enterprise Fund Overhead *	1,867,647	1,855,987	2,125,747	1,973,970	1,988,729	14,758	0.7%
Golf Enterprise Fund Overhead *	163,852	155,037	150,416	163,049	177,791	14,742	9.0%
Recreation Revolving Fund Overhead *	295,912	281,764	353,717	349,934	354,124	4,190	1.2%
OPERATING BUDGET SUBTOTAL	190,640,805	199,346,451	209,074,884	217,783,356	225,230,209	7,446,853	3.4%
Revenue-Financed CIP (Special Appropriations)	7,379,001	12,933,500	8,581,000	9,415,000	10,113,000	698,000	7.4%
TOTAL APPROPRIATIONS	198,019,806	212,279,951	217,655,884	227,198,356	235,343,209	8,144,854	3.6%
BALANCE				0	0	0	

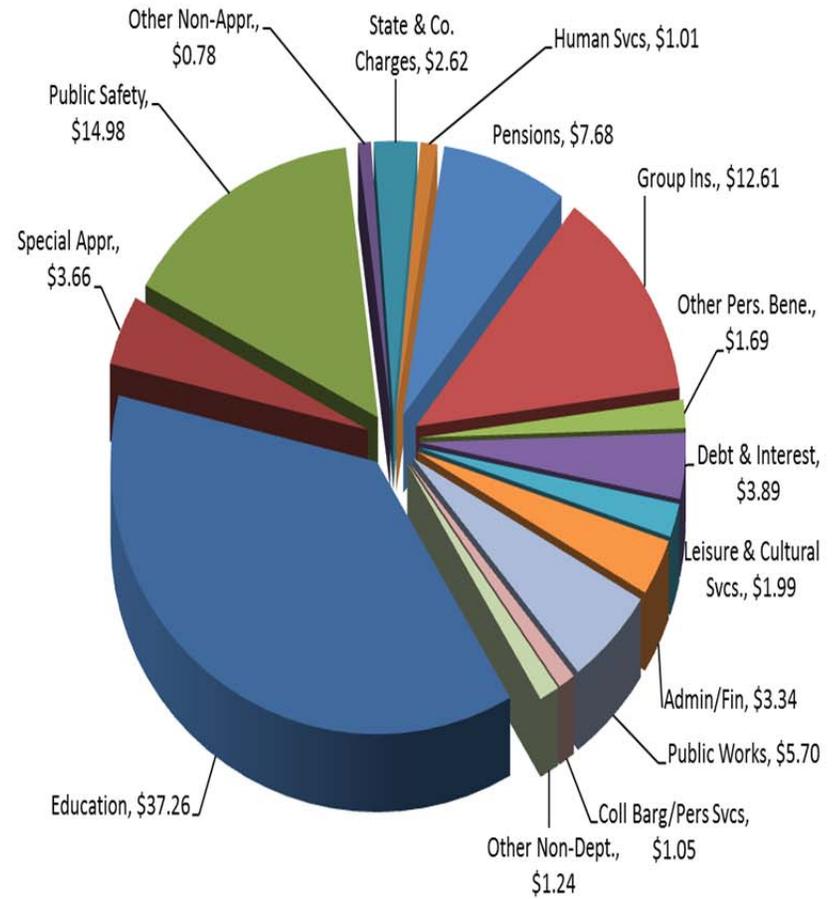
* These Overhead figures match the Water and Sewer Enterprise Fund Reimbursement, Golf Enterprise Fund Reimbursement, and Recreation Revolving Fund Reimbursement revenue sources found under the "Other Available Funds" revenue category.

**FY2016 GENERAL FUND TOTAL BUDGET
\$243,629,902**

How Each \$100 Will Be Received



How Each \$100 Will Be Spent



FY2016 GENERAL FUND OPERATING BUDGET
\$225,230,209

FULLY ALLOCATED FY2016 GENERAL FUND OPERATING BUDGET

