

Override Study Committee Municipal Subcommittee
Monday, Jan. 18, 2018, 5:30 PM
Room 408 Town Hall

Members Present: Betsy DeWitt, Harold Petersen,
Arrived at 6pm: Jeff Rudolph, Ben Franco
Absent: (Resigned from Committee): Charles Terrell
Public present: Mark Gray, TMM pct. 7
Guests: Town Administrator Mel Kleckner, Dep. Town Administrator Melissa Goff

Meeting Notes:

Without a quorum present, the meeting began at 5: 45 pm.

Mel Kleckner reviewed the current financial projections. There have been some favorable changes: State aid to municipalities has been set at 3.5%, compared to projected funding at the reduced FY18 level. Also, the GIC insurance rates will be at a 2.5% increase, half of what had been projected. This new data will be incorporated into updated financial projections. He mentioned possible increased revenue from refuse fees and a new source from recreational marijuana, but the timing is unclear. (Jeff & Ben arrived) The previous information was recapped. Mel said the Town favored the lowest reasonable override amount, but that he has departmental requests for up to \$3 million.

Members asked that some departments be considered for additional review:

- Senior Center increase for need to advise senior citizens on eligibility for property tax exemptions/ work-off/ reverse mortgages as property values and taxes increase
- Preservation staffing as LHD's and NCD's have increased property modifications and real estate development to review
- Building Dept. Facilities staffing as the volume of public building space requiring repairs and maintenance has increased
- DPW road maintenance and improvements seems to unable to keep up with the need for re-paving after roads are dug up by utilities, damaged by snow plows, etc.

Mr. Kleckner indicated that he would look into the matters and report back to the committee. He left the meeting.

The question of how school expenses are carried in the Town Budget was discussed with Melissa Goff. She explained that the Building Dept. Municipal Facilities budget carries a transfer amount from the School Dept. budget to pay for school building utilities and repairs & maintenance. This is similar to the School employee benefits expense that is carried in the Town budget. These allocations are made through a process called the Town/School Partnership, an agreement that sets up a formula for sharing revenues. New revenues are allocated 50%/50% and then adjusted for amounts transferred to Town

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accounts and for School Dept. operations. The final result is reflected in individual departmental budget expenditures.

A motion to approve the minutes from Dec.18, 2017 was seconded and the minutes were approved unanimously.

The discussion moved to Capacity to Pay and Harold Petersen's detailed analysis of property values, household income, and comparisons to peer communities (attached). Over time the school peer communities have been changed, so the analysis includes previous and current peers. There is indication that Brookline household income has risen less than peer communities. This data is based on self-reported income from the annual American Community Survey (ACS). Overall, Brookline seems to be a low-to-moderate tax community relative to its peers. It suggests that capacity to support a levy increase is possible with the caveat that low-to-moderate income households would be adversely impacted.

The Brookline ACS demographic statistics indicate that the over 65 population is growing rapidly and that 30% of over-65 owners and 58% of over-65 renters may be paying more than 30% of their income for housing. They also suggest that the under 5-year-old population is falling. However, the data on the under-5 population is based on birth-rate and may be misleading as a guide to future school enrollment because they do not reflect in-migration of families with children age 5. This is important because school enrollment growth is driving the need for an override.

The discussion turned to considering various other factors, such as the already approved increases for debt service that will be included in the FY19 tax levy. This includes ongoing 2007 BHS renovation debt exclusion; the first year of payments for the Devotion School renovation; and initial payment for the new BHS expansion--totaling nearly \$11.7 million, or a 5.5% increase over the FY18 levy. Members commented on the School Dept. presentation of FY19 budget alternatives at a workshop of Jan. 11. An Override Budget scenario for \$6.2 million, including proposed new investments of about \$1 million in addition to the previously indicated need for \$5.2 million to cover increased personnel costs for FY19, was presented. A No Override budget scenario eliminated new positions and services valued at \$4.2 million leaving a remaining deficit of just under \$1 million. School Committee members at the presentation indicated that they did not intend to raise average class size from 21. Members felt that the lack of detail to explain the components of the deficits undermined the overall presentation. This view was supported by the member of the public, who had also attended the School Budget Workshop. Topics for ongoing discussion include developing OSC Override scenarios. We lack sufficient quantifiable

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and verifiable documentation to make a recommendation for an override amount at this time. There was no additional public comment.

Future Meeting Dates:

- 5 PM Jan. 22, 2018 - Confirmed
- 5 PM Jan. 29, 2018
- 5 PM Feb. 5, 201

DEBT SERVICE & TAX LEVY

	FY18	FY 19
Prior Year Levy	\$203,036,517	\$210,376,447
2-1/2% Increase	\$5,075,913	\$5,259,411
New Growth	<u>\$2,264,017</u>	\$2,587,500
Increase	\$7,339,930	\$7,846,911
Tax Levy	\$210,376,447	\$218,223,358
Old BHS	<u>\$1,020,800</u>	\$988,200
FY 18 Total Tax Levy	\$211,397,247	
Devotion		\$3,517,539
New BHS		\$328,000
FY 19 Debt Exclusion		\$4,833,739
FY 19 Total Tax Levy		\$223,057,097
FY19 Increase		\$11,659,850
% Increase	3.60%	5.50%