EXECUTIVE SUMMARY

Recognizing that the overall fiscal policies of the Town were reviewed by a dedicated committee in 2011, we focussed our efforts on policy areas that were most directly relevant to the Override question. We reviewed the other policies at a level of reasonableness and do not see any issues that would merit a substantial reexamination of those policies.

- A level payment schedule should be utilized for debt exclusion bonds and be considered for other large size borrowings.

- The Town should utilize the opportunity created by the rate differential between taxable and tax-exempt bonds of equivalent term and risk, and between tax-exempt bonds and the higher imputed return on OPEB appropriations.

- The Town of Brookline should increase the Debt-Financed portion of the CIP, by financing the "pay-as-you-go" portion of the CIP rather than funding it from tax revenues. It is estimated that $3.0 million of capital expenditures annually will have a useful life of 10 years or more, and therefore be eligible for financing. For items bonded under this program, the initial capital expenditure, not the idebt service, should be counted toward the CIP target of 7.5% of revenues.

- The funds provided by these additional borrowings (approximately $3.0 million annually) should be used to make additional payments to OPEB. The debt service associated with these funds will be an off-set against subsequent years' OPEB contributions. The goal of this funding plan is to move forward the point at which the unfunded OPEB liability is retired. The unfunded OPEB liability is currently estimated at $183 million.

- One time revenue sources, such as the sale of taxi medallions, should be used to accelerate OPEB funding.

- For 18 years the Town-School Partnership Agreement has been a successful framework for the allocation of financial resources between town and school spending priorities.

- The Town School Partnership works well in part because it is not applied exclusively on a formulaic basis. The fifty-fifty split provides a starting point which both sides then work with together to reach a solution that meets all of Brookline's needs. We would note that the formula only captures the first-year impact of enrollment growth because some of the cost increase only comes later due to steps-and-lanes salary growth. We do not recommend any change at this point, but the parties should remain cognizant that the success is due to the goodwill of the parties.

- Over the last eight years, municipal spending has shifted towards schools by notably more than would have been the case had the Agreement been applied formulaically. We do not take a position here on whether the shift has been fully commensurate with increased school enrollments.

- The Fiscal Policies sub-committee of the OSC supports the Town-School Partnership Agreement as currently written.

- The Town-School Partnership Agreement as written does not capture the fact that a one-time permanent increase in enrollment not only raises costs that year but leads to further increases in subsequent years. Discussions of the allocation of revenues between Town and School departments must continue to reflect this reality.

- The cost of recent and projected school enrollment growth has not been adequately captured in current budget projections. Work to develop strategies on how to satisfy the Town's revenue requirements will not be conclusive until such time as a better understanding of the true cost of enrollment growth is developed.

Benefits Subcommittee

Executive Summary

Employee benefits currently amount to 20% of total Town spending, consisting primarily of employee health insurance, contributory pensions, and retiree health care and other non-pension benefits (OPEB). All of these areas are governed by state regulation and/or subject to collective bargaining both of which limit the Town's flexibility to curtail costs. The following options which are available to the Town should be pursued as aggressively as possible:

- explore the potential for reducing the town's premium share for health insurance across the board and/or by plan type; each 1% reduction in total contribution results in a $270,000 savings to the Town.
- continue to educate employees about the relative cost/benefit of the various plans to promote savings; each 1% shift in participants from PPOs to HMOs saves the town approximately $30,000
- urge the Retirement Board to pro-rate the years of service for part-time employees to become benefits eligible, reducing future OPEB liabilities.
- continue to work with the Mass Municipal Association (MMA) and the State legislature to achieve reform of retiree health benefits
- continue to work with the MMA and the State legislature to eliminate the constraints of section 19 which apply only to the handful of municipalities which were early participants in the GIC
- continue to work with the MMA, the GIC, and the Public Employees Retirement Administration Commission (PERAC) to eliminate GIC regulation that requires active employees to be a member of a retirement system in order to be eligible for health insurance. If this regulation were eliminated, then the Retirement Board could increase the number of weekly hours worked required to become a member of the retirement system, an action that would reduce OPEB liability.
- continue to explore outsourcing services, as doing so reduces both immediate (e.g., worker's comp, health insurance, Medicare tax) and long-term (e.g., OPEB, pensions) benefit costs.

Override Study Committee
Revenue Subcommittee

Revenue Subcommittee January 2014 Interim Report

Revenue Subcommittee:
Alberto Chang (Chair)
Kevin Lang
Beth Jackson Stram

DRAFT
As of January 15, 2014

Revenue Subcommittee

The Revenue Subcommittee's objectives are:

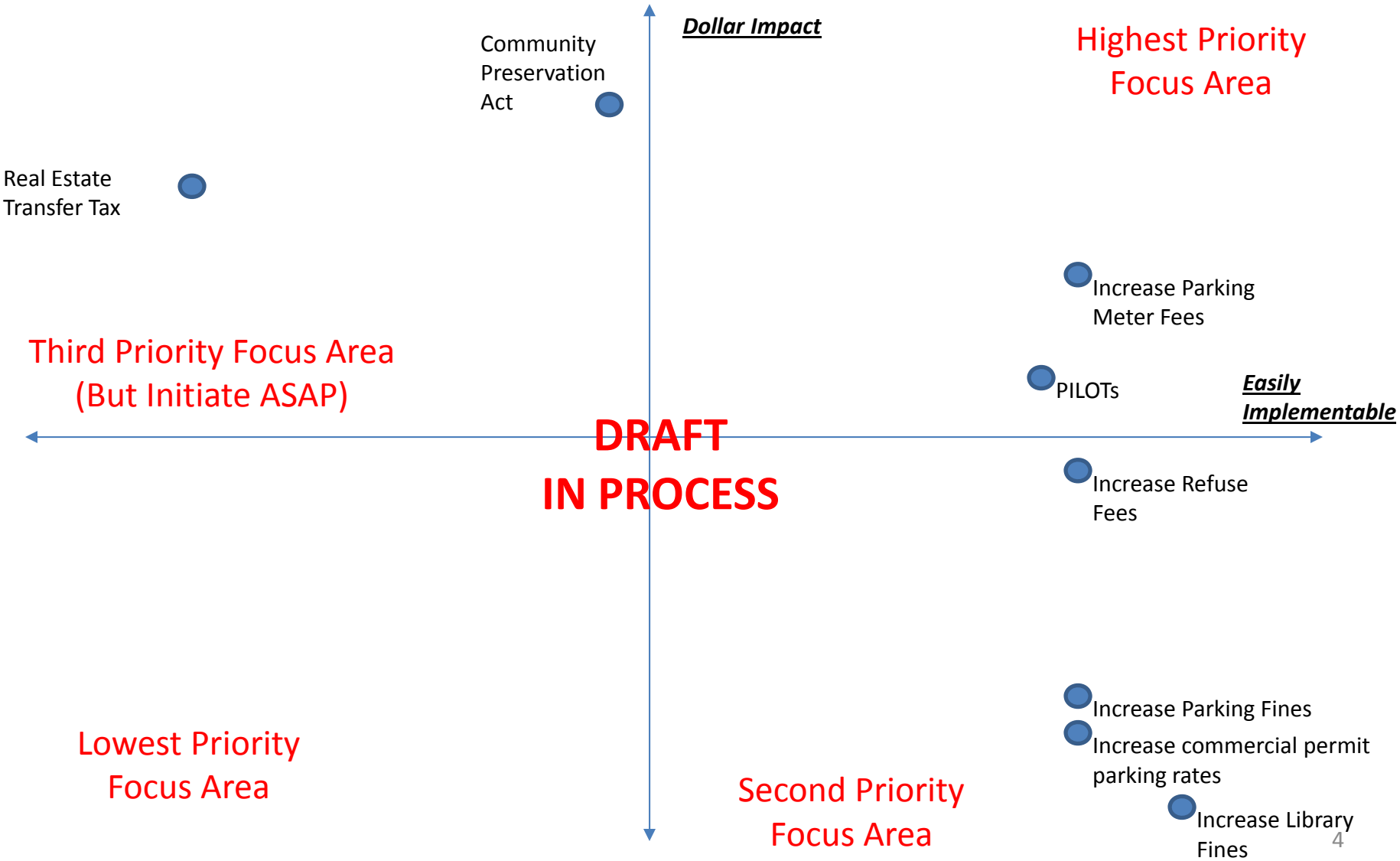
1. Identify the levers in the existing Town revenue generating operations that can be used to increase revenue opportunities as an alternative (or a supplement) to a voter-approved override of Proposition 2 ½
2. Review current status of revenue related recommendations from
   - January 2008 OSC Report from Revenue Subcommittee
   - January 2009 Efficiency Initiative Committee (EIC)
3. Identify opportunities for increased cost recovery
4. Identify additional sources of potential revenue for Town to consider
5. Identify revenue sources from other comparable towns
6. Prepare a schedule of FY15 revenue independent of the Town's FY15 budget
7. Summarize revenue generating recommendations

Acknowledgements

The Revenue Subcommittee would like to thank the Town and its staff for the invaluable assistance, and in particular, the individuals listed below. Without them we would have spent more time trying to find more needles in various haystacks.

- Sean Cronin
- Melissa Goff
- Rachid Belhocine
- Kara Brewton
- Stephen Cirillo
- Ruthann Dobek
- Chuck Flaherty
- Erin Chute Gallentine
- Todd Kirrane
- Dick Leary
- Gary McCabe
- Lisa Paradis
- Alison Steinfeld

Overview of Our Recommendations



OSC Revenue Subcommittee Recommendations

Summarized below are the recommendations of the Revenue Subcommittee that can be easily or quickly implemented:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Board of Selectmen	Third Party Approval	Voter Approval	Costs to Achieve	Degree of Change
1	Increase Parking Rate to $1.25/hr.	Approx. $850,000	FY15	Yes	Transp. Board	No	Some	None
2	Pursue PILOTs Actively	$500 K to $1 million	FY15	No	No	No	Some	New Fee
3	Increase Refuse Fees to $225-$275	Approx. $330K-$990K	FY15	Yes	No	No	Minimal	None
4	Increase Parking Fines	Approx. $150,000	FY15	Yes	Transp. Board	No	Some	None
5	Increase commercial permit parking rates	Approx. $88 K to $138 K	FY15	Yes	Transp. Board	No	Minimal	None
6	Institute $1.00 per day fee for Temp permits	Approx. $60K	FY15	Yes	No (Approved)	No	Minimal	None

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Parking Meter Rate

Background:

Currently parking meter rates of $1.00 per hour for all 2, 3, and 5 hour meters effective since April 2011.

In the 2008 OSC report, it was reported that Brookline raised meter fees from $0.50 to $0.75 per hour in March 2007 to help close the FY08 budget gap. At that time each $0.25 increase brought in an additional $700,000 in revenue.

There was some discussion of increasing certain meters to $1.50 / hour recently when the Transportation Board recommended that the Selectmen increase the rates in long-term parking areas (which the Selectmen agreed to in Dec), but the highest amount granted was $1.25.

Note: Statute requires any parking meter funds “shall be established and charged at such rates that the revenue therefrom shall not exceed in the aggregate the necessary expenses incurred by such city or town for the acquisition, installation, maintenance and operation of parking meters and the regulation of parking and other traffic activities incident thereto". Therefore, in effect, there is a cap on what the rates can be. Fees are established in Brookline under MGL Ch 40, Sec 22F, which cannot exceed the cost of providing the service.

Impact of Raising Parking Meter Rate

Table below summarizes what costs would be under various time scenarios under current rate and proposed rate change:

Time Needed On Meter	@ Current Rate $1 / hour	@ Proposed Rate $1.25 / hour
12 minutes	25 ¢	25 ¢
15 minutes	25 ¢	50 ¢
20 minutes	50 ¢	50 ¢
30 minutes	50 ¢	75 ¢
45 minutes	75 ¢	$ 1.00
1 hour	$ 1.00	$ 1.25
1.5 hour	$ 1.50	$ 2.00
2 hours	$ 2.00	$ 2.50

Recommendation – Increase Parking Meter Rate

Range of Potential Revenue:	Approximately $850,000
Constituents Impacted:	All users of parking meters (typically residents doing errands, or customers and employees of local businesses and Town services)
Ramifications:	Minimal expense increase for short term users
Advantages:	Additional revenue for operations Still able to pay same amount at 12, 24, or 36 minute marks
Disadvantages:	Inconvenience to some users to carry additional quarters
Comparable Towns / Benchmark:	Boston at $1.25 per hour or $0.25 for 12 minutes Cambridge at $1.00 per hour or $0.25 for 15 minutes Newton at $0.75 per hour or $0.25 for 20 minutes
Barriers to Implementation:	Transportation Board approval BOS approval
Execution Timeline:	FY15 feasible

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Payment In Lieu Of Tax (PILOT)

M.G.L. Chapter 59 section 5 enables the granting of tax exempt status to certain non-profit organizations. Once an organization is granted an exemption, the Town can not legally require that organization to pay a property tax or bind that organization to give up the rights to these legal exemptions. Therefore:

1. The Town will seek voluntary PILOT Agreements with all tax exempt institutions within the community that own real property, or that rent real property from the Town (pursuant to MGL Chapter 59 section 5, sub-section 2B);
2. These PILOT Agreements should be based upon fair market value and tax levy. PILOT Agreements should be established on the basis that the non-profit organization's payment amount is equal to the percentage of tax levy that supports the critical services of the Town's Police, Fire and Public Works operations. The Town has determined that this share is equal to at least 25% of the full levy;
3. In the event that a non-profit organization enters into a voluntary PILOT agreement, the Town may offer to phase in the impact over a period of time. The Town expects to negotiate PILOT agreements, whereby once the payment target is reached, the payment will annually increase by an escalation factor generally equal to the average historic growth in annual tax levy;
4. For smaller, community-based non-profit organizations with controlling interests in properties assessed at less than $5 million in FY2007 dollars, consideration for community service may be granted as part of an approach to establish the basis for a PILOT Agreement. This value ceiling would be inflated by 2.5% per year in subsequent years. The Town may base such a PILOT Agreement on less than 2% of the full levy.
5. A PILOT Agreement will remain in force for the entire tenure of its contractual term as long as the use and value established in the PILOT Agreement have not changed. All property under a PILOT Agreement must still meet all the requirements for eligibility for exempt status.
6. A PILOT Agreement does not replace the requirement that each organization seeking property tax exemption must file a "Return of Property Held for Charitable Purposes" form (State tax form #3ABC) with the Board of Assessors on or before March first of each year.

Source: The Town of Brookline Payment in Lieu of Tax (PILOT) Policy adopted December 18, 2007 and amended on June 28, 2011

Existing PILOT Agreements

Summary of Existing PILOT Agreements		Act. 2008	Act. 2009	Act. 2010	Act. 2011	Act. 2012	Act. 2013	Est. 2014	Est. 2015	Est. 2016	Est. 2017
Oct/07	Arts Center (15%)						829	858	888	920	952
Nov/07	Children's Hospital						70,037	72,313	74,663	77,090	79,595
01/08/08	Chestnut Hill Benevolent Neigh. Assoc.						5,000	31,656	36,107	41,058	45,520
04/08/08	The MUSIC School						4,384	4,538	4,697	4,861	5,031
05/18/10	Transporation Museum	[redacted]					3,198	4,264	5,246	6,994	7,239
08/10/10	Boston University						414,244	424,600	435,215	446,095	457,248
07/26/11	Int'l Society for Infectious Diseases	[redacted]					963	1,151	1,361	1,570	1,779
12/13/11	Coolidge Coorner Theatre						2,066	3,100	4,133	5,020	6,693
FY 2011	St. Paul's Church						1,576	1,615	1,656	1,697	1,740
02/28/12	Pine Manor College	[redacted]					13,335	20,002	26,670	33,337	40,004
FY2012	Ronald McDonald House						7,471	8,329	8,830	9,509	10,188
FY2012	Humanity House						2,981	3,227	3,380	3,534	3,688
FY 2012	Church of Our Savior						234	240	246	252	259
09/24/13	Newbury College	[redacted]						3,427	6,853	10,280	13,706
							526,319	579,321	609,944	642,217	673,643

Reasons why a non-profit would voluntarily enter a PILOT agreement include (1) wanting to establish or solidify relations with the Town; (2) preferring to pay PILOT over a portion of the property taxes from leased out some of the property to taxable tenants; and (3) persuaded that it was the correct course of action for their organization.

Source: Town's Finance Department

Eligible Organizations for PILOT

	Organization	Parcel ID	Land Area	PILOT		Organization	Parcel ID	Land Area	PILOT
1	ALL SAINTS PARISH	2	40,955		41	KOREAN CHURCH OF BOSTON INC	1	24,038	
2	BEAVER COUNTRY DAY SCHOOL INC	3	720,181		42	LATVIAN LUTHERAN EXILE CHURCH	1	10,100	
3	BEAVERBROOK STEP INC	2	26,646		43	LONGYEAR FOUNDATION	1	81,342	
4	BOSTON CENTER FOR MODERN	6			44	MAIMONIDES SCHOOL	4	192,450	
5	BOSTON RONALD MCDONALD	1	39,828	PILOT	45	MASS ASSOC FOR THE BLIND	2	82,380	
6	BOSTON UNIVERSITY TRS	10	230,150	PILOT	46	NEW ENGLAND DAIRY & FOOD CNCL	1	3,812	
7	BRANDEGEE CHARITABLE	1	723,328		47	NEW ENGLAND HEBREW ACADEMY	1	52,800	
8	BROOKLINE AL VFW BUILDINGS INC	1	9,106		48	NEWBURY COLLEGE	7	342,943	PILOT
9	BROOKLINE ASSOC MENTAL HEALTH	1	526		49	NORTH AMERICAN MISSION BOARD	1	1,902	
10	BROOKLINE CHURCH OF CHRIST	1	18,304		50	NORTHEASTERN UNIVERSITY	1	241,703	
11	BROOKLINE COMMUNITY MENTAL	2	7,040	PILOT	51	PARK SCHOOL CORP	2	1,074,894	
12	BROOKLINE CONSERVATION LAND TR	3	172,076		52	PINE MANOR COLLEGE	5	2,231,164	PILOT
13	BROOKLINE FRIENDLY SOCIETY	1	12,547		53	R O F E H INC	1	3,167	
14	BROOKLINE HOUSING AUTHORITY	15	831,322	PILOT	54	ROMAN CATHOLIC ARCHBISHOP	5	1,515,791	
15	BROOKLINE I L PERETZ	1	5,193		55	SEPHARDIC CONGREGATION OF N E	1	8,783	
16	CHABAD LUBAVITCH OF	2	19,146		56	SOCIETY OF THE HOLY	3	831,782	
17	CHABAD OF BROOKLINE INC	1	5,858		57	ST MARKS METHODIST CHURCH	1	6,925	
18	CHESTNUT HILL BENEVOLENT ASSOC	1	1,054,155	PILOT	58	ST PAULS EPISCOPAL CHURCH	2	47,594	PILOT
19	CHINESE CHRISTIAN CHURCH OF NE	1	22,415		59	SYDA FOUNDATION	1	123,191	
20	CHRIST CHURCH LONGWOOD TRUST	1	46,598		60	TEMPLE BETH ZION	1	16,002	
21	CHURCH OF OUR SAVIOUR	2	36,590	PILOT	61	TEMPLE EMETH	1	58,202	
22	CONGREGATION BETH PINCHOS OF	2	24,636		62	TEMPLE OHABEI SHALOM	3	56,094	
23	CONGREGATION CHESED VEMES INC	1	7,573		63	TEMPLE SINAI	1	12,080	
24	CONGREGATION KEHILLATH ISRAEL	1	55,425		64	THE BRIMMER AND MAY SCHOOL	5	47,704	
25	CONGREGATION LUBAVITCH	2	22,542		65	THE CHILDRENS HOSPITAL CORP	1	31,606	PILOT
26	CONGREGATION MACHSEKE TORAH &	1	5,562		66	THE CHRISTIAN COMMUNITY	1	3,915	
27	COORDINATION COUNCIL	1	19,566		67	THE GOVERNMENT OF JAPAN	1	147,311	
28	DEXTER	1	1,537,007		68	THE REPUBLIC OF TURKEY	1	31,548	
29	ELLIOT REALTY LLC	1	16,461		69	THE VILLAGE AT BROOKLINE LP	2	234,360	
30	EPISCOPAL DIOCESE OF MASS	1	11,543		70	TRUSTEES OF BOSTON UNIVERSITY	1	9,885	PILOT
31	FIRST CHURCH	1	15,732		71	UNITED CHRISTIAN EVNGLSTC ASSN	1	13,491	
32	FIRST PARISH	1	98,080		72	VAJRADHATU OF MASS INC	1	4,635	
33	GREEK ORTHODOX ARCHDIOCESE OF	1	19,855		73	VINFEN CORPORATION	1	5,797	
34	HARVARD CHURCH	1	52,220		74	WHEELOCK COLLEGE	2	91,303	
35	HELLENIC ASSOCIATION OF BOSTON	1	335,314		75	YOUNG ISRAEL OF BROOKLINE	2	36,753	
36	HELLENIC COLLEGE INC	1	436,142						
37	HOLY NATIVITY CONVENT INC	2	182,715						
38	HOLYHOOD CEMETERY ASSOC	1	234,231			Total	146	14,780,615	
39	HUMANITY HOUSE INC	1	6,600	PILOT					
40	INTERNATIONAL SOCIETY FOR	1		PILOT					

Source: Town Assessor's Office

Potential Future PILOT Agreements

Non-Profit Organization	Est. at 25%
BROOKLINE ASSOC MENTAL HEALTH	7,302
BEAVER COUNTRY DAY SCHOOL INC	129,250
NORTHEASTERN UNIVERSITY	20,032
PARK SCHOOL CORP	303,000
HELLENIC COLLEGE INC	
LONGYEAR MUSEUM (FOUNDATION)	58,500
THE BRIMMER & MAY SCHOOL	33,500
DEXTER (SCHOOL)	400,000
MAIMONIDES SCHOOL	89,500
NEW ENGLAND HEBREW ACADEMY	17,500
St. Mary of the Assumption School	45,000
SEPHARDIC CONGREGATION OF N E	4,500
Childrens Center of Brookline	5,500
KOREAN CHURCH OF BOSTON INC	
BRANDEGEE CHARITABLE	52,100
	1,165,684

Source: Town's Finance Department

Recommendation: Pursuing PILOTs Actively

Range of Potential Revenue:	$500,000 to $1.0 million
Constituents Impacted:	Non-For Profit Organizations not currently paying PILOTs
Ramifications:	Dedicated resource to pursue
Advantages:	New source of unrestricted revenue from limited transactions
Disadvantages:	Town can't enforce organizations to enter into agreement
Comparable Towns / Benchmark:	Common source tax revenue
Barriers to Implementation:	Dedicated resource (Board and staff focused) Institutions don't want to pay / requires negotiation
Execution Timeline:	FY15

OSC Revenue Subcommittee Recommendations

Summarized below are the recommendations of the Revenue Subcommittee that can be easily or quickly implemented:

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Refuse Fee

Background:

In FY14, the total cost to Brookline to collect, handle and dispose of all matters of refuse is approximately $ 3.6 million, including all fringe benefit costs and as well a portion of management's salary and benefits. The total annual revenue from the current $200 fee is $2.65 million, which represents approximately 72% cost recovery.

If the Town chose to get to 100% cost recovery, then the refuse fee would need to increase from $200 to $275. That would generate an additional $990K. To get to the "traditional" 80% cost recovery level, it would need to increase to $225, which would generate an additional $330K.

Note that the Town increased refuse fee from $165 to $200 in March 2007 to help close the FY08 budget gap. The $165 rate was in place since 1994, and was a roll-back from $200 as part of the 1994 override package when Brookline voters chose to add $460,000 to the tax bill in order to lower the trash fee from $200 to $165.

Whether we should fully fund refuse collection depends in part on how we interpret the 1994 vote. There is no legal commitment to abide by that vote. One view is that after 20 years, elected officials are no longer morally bound either and should raise the fee to $275 if they believe that is the prudent course. A second view is that we are morally bound to use the nominal subsidy of $460K for refuse collection. In this case, the fee would not be set above $240. A third view is that the trash fee should be set at no higher than needed to recover a proportion of the costs roughly comparable to what has been traditional since the override rate, or $225.

At the time of the 2008 OSC report, each $5 increase in refuse fee would result in approximately $65,000 in additional revenue. Today, each $5 increase would result in approximately $66,000 of additional revenue.

Aligning Refuse Fee and Cost Recovery

In today's cost structure, the following annual fees would produce revenue:

Annual Fee	Add'l Rev.	Cost Rec. %
$200	$0	70%
$205	$66,000	72%
$210	$132,000	74%
$215	$198,000	76%
$220	$264,000	78%
$225	$330,000	80%
$230	$396,000	82%
$235	$462,000	84%
$240	$528,000	86%
$245	$594,000	88%
$250	$660,000	90%
$255	$726,000	92%
$260	$792,000	94%
$265	$858,000	96%
$270	$924,000	98%
$275	$990,000	100%

Low end of recommended new refuse fee

Mid end of recommended refuse fee

High end of recommended refuse fee

Refuse Fee vs. Inflation

Increases in refuse fees using different inflation rates:

	Scenarios Using Various Inflation Rate		
Annual Fee	1%	2%	2.5%
2008	$ 200.00	$ 200.00	$ 200.00
2009	$ 202.00	$ 204.00	$ 205.00
2010	$ 204.02	$ 208.08	$ 210.13
2011	$ 206.06	$ 212.24	$ 215.38
2012	$ 208.12	$ 216.49	$ 220.76
2013	$ 210.20	$ 220.82	$ 226.28
2014	$ 212.30	$ 225.23	$ 231.94

Adjusted annually using the average rate of the Town's salary increases of 2%

At the $165 fee promised to the voters in 1994, with rise with the rate of inflation (CPI-U) would be set at roughly $260!

Recommendation - Increase Refuse Fee

Range of Potential Revenue:	Approximately $330,000 - $990,000 depending on rate
Constituents Impacted:	All residents
Ramifications:	Incremental expense
Advantages:	Additional revenue for operations Requires
Disadvantages:	Inconvenience to residents
Comparable Towns / Benchmark:	Currently less than “traditional” 80% cost recovery
Barriers to Implementation:	BOS approval
Execution Timeline:	FY15

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Parking Fines

Background:

The board of selectmen of any other town, shall, from time to time, establish by rule or regulation a schedule of fines for violations subject to this section committed within such city or town; provided, however, that all such fines shall be uniform for the same offense committed in the same zone or district, if any; and provided, further, that the fine for the violation of the parking of motor vehicles within ten feet of a fire hydrant shall not be more than one hundred dollars, and provided, further, that the fine for the violation of parking a motor vehicle within a posted bus stop shall be $100; and provided further, that any fine established under the provisions of this section for all other parking violations shall not exceed $50, if paid within 21 days, nor shall it exceed $55, if paid thereafter, but before the parking clerk reports to the registrar, as provided below and shall not exceed $75 if paid thereafter.

Source: https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXIV/Chapter90/Section20A1~2

Increase in Parking Fines

Table below summarizes ***examples*** of violations and what the current Brookline fine is and what the maximum allowed by state:

Violation Type	Current Brookline Fine	Maximum Allowed (given current $15 late fee)	Violation Type	Current Brookline Fine	Maximum Allowed (given current $15 late fee)
Impeding Snow Removal	$25	$30	Within 20 Ft of intersection	$25	$30
Less than 10 Ft Unobstructed Lane	$25	$30	Wrong Direction Parking	$25	$30
Stopping Violation	$25	$30	Standing Violation	$25	$30
Loading Zone	$25	$30	Meter Space Violation	$25	$30
Crosswalk	$25	$30	Unpaid Meter	$25	$30

While the cap is actually $50 for the initial fine, we can increase it beyond $30 because of the existing late fee of $15.

The Subcommittee asked for an analysis of how many pay late so we could recommend a higher initial fine vs. a higher late penalty. Unfortunately, the parking citation management system at the police station can not provide a report on such data.

Recommendation – Increase Parking Fines to Max Cap

Range of Potential Revenue:	Approximately $150,000
Constituents Impacted:	Anyone who receive violations from breaking rules/law
Ramifications:	Shifting dollars to fee from late fee charge (less late fee revenue)
Advantages:	Additional revenue for operations (increasing up front payment) Only those with violations are paying increases
Disadvantages:	Small incremental increase of uncollectable (but only $5 differential!) Less revenue from late fees (but it is really a timing event)
Comparable Towns / Benchmark:	Each Town has to comply with state mandated cap
Barriers to Implementation:	BOS approval
Execution Timeline:	FY15

OSC Revenue Subcommittee Recommendations

Summarized below are the recommendations of the Revenue Subcommittee that can be easily or quickly implemented:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Board of Selectmen	Third Party Approval	Voter Approval	Costs to Achieve	Degree of Change
1	Increase Parking Rate to $1.25/hr.	Approx. $850,000	FY15	Yes	Transp. Board	No	Some	None
2	Pursue PILOTs Actively	$500 K to $1 million	FY15	No	No	No	Some	New Fee
3	Increase Refuse Fees to $225-$275	Approx. $330K-$990K	FY15	Yes	No	No	Minimal	None
4	Increase Parking Fines	Approx. $150,000	FY15	Yes	Transp. Board	No	Some	None
5	Increase commercial permit parking rates	Approx. $88 K to $138 K	FY15	Yes	Transp. Board	No	Minimal	None
6	Institute $1.00 per day fee for Temp permits	Approx. $60K	FY15	Yes	No (Approved)	No	Minimal	None

Commercial Permit Parking Rates

Background:

A limited number of employee parking permits are available for purchase.

Commercial On-street Permits

Qualified businesses located in a commercial district are eligible to receive an employee parking permit that allows parking on a designated residential side street within a 1/4 mile of the commercial district. Holders of these permits are guaranteed a parking space on the street.

Coolidge Corner – Centre Street West Parking Lot (56 spaces)

Qualified businesses located in the Coolidge Corner commercial district are eligible to receive an employee parking permit that allows parking in the unmetered Centre Street West parking lot. Holders of these permits are guaranteed a parking space in this lot.

Coolidge Corner – John Street Parking Lot (14 spaces)

Qualified businesses located in the Coolidge Corner commercial district are eligible to receive an employee parking permit that allows parking in the unmetered Centre Street West parking lot. Holders of these permits are guaranteed a parking space in this lot.

Brookline Village – Kent Street Meter

Qualified businesses located in the Brookline Village commercial district are eligible to receive an employee parking permit that allows them to park at the 10-hour meters on Kent Street that have been reserved for commercial use. Holders of these permits are not guaranteed a parking space and must pay the meter fees when parking

Options for Commercial Permit Parking

Newly changed from $0.50 / hr.

Summarized are the terms and conditions for the four commercial parking areas:

Terms	Commercial On-street Permits	Coolidge Corner – Centre Street West Parking Lot (56 spaces)	Coolidge Corner – John Street Parking Lot (14 spaces)	Brookline Village -- Kent Street Meter
Guarantee	Guaranteed parking space	Guaranteed parking space	Guaranteed parking space	Not Guaranteed
Cost	$500 per fiscal year, pro-rated by quarter	$78 / month + one time $25 administrative fee	$78 / month + one time $25 administrative fee	$25 / year + cost of parking meter (75 ¢ / hr.)
Limits	None	2 permits / business	2 permits / business	2 permits / business
Hours	8 AM - 8 PM, Mon. thru Sat.	9 AM - 8 PM, Mon. thru Sat. (not on Farmers Mkt)	9 AM - 8 PM, Mon. thru Sat.	9 AM - 6 PM, Mon. thru Fri.
	Vehicles are exempt from time-based restrictions such as "No Parking 8 AM to 10 AM"			
Renewal	Annual renewal at July 1	Quarterly Basis	Quarterly Basis	Annual renewal at July 1
Time Period	Expiring June 30	Continuously billed on a quarterly basis (January, April, July, and October)	Continuously billed on a quarterly basis (January, April, July, and October)	Expiring June 30
Additional Benefit	Sharable given Hangtags	Sharable given Hangtags	Sharable given Hangtags	Sharable given Hangtags

In 2008, 100% cost recovery was computed at $650

Currently at 100% capacity, increasing it to $100 per month would be a reasonable increase and produce an incremental $18,480

Recommendation - Increase Commercial Parking Rates

Range of Potential Revenue:	Approximately $70,000 to $120,000
Constituents Impacted:	Current commercial parking permit users
Ramifications:	Incremental expense
Advantages:	Additional revenue for operations
Disadvantages:	Additional financial burden
Comparable Towns / Benchmark:	**TBD**
Barriers to Implementation:	Transportation Board and BOS approval
Execution Timeline:	FY15

OSC Revenue Subcommittee Recommendations

Summarized below are the recommendations of the Revenue Subcommittee that can be easily or quickly implemented:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Board of Selectmen	Third Party Approval	Voter Approval	Costs to Achieve	Degree of Change
1	Increase Parking Rate to $1.25/hr.	Approx. $850,000	FY15	Yes	Transp. Board	No	Some	None
2	Pursue PILOTs Actively	$500 K to $1 million	FY15	No	No	No	Some	New Fee
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5	Increase commercial permit parking rates	Approx. $88 K to $138 K	FY15	Yes	Transp. Board	No	Minimal	None
6	Institute $1.00 per day fee for Temp permits	Approx. $60K	FY15	Yes	No (Approved)	No	Minimal	None

OSC Revenue Subcommittee Recommendations

Summarized below are the recommendations of the Revenue Subcommittee that can be easily or quickly implemented:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Board of Selectmen	State Legislation	Voter Approval	Costs to Achieve	Degree of Change
7	Increase Recreation Department Fees	TBD	FY15	No	No	No	Some	None
8	Increase Library Fines	TBD Approx. $10K-$15K	FY15	No (But Library Trustees)	No	No	Minimal	None

Recommendation – Increase Library Fines

Range of Potential Revenue:	$10-$15K
Constituents Impacted:	All residents who do not return books on time
Ramifications:	Residents may borrow less if fine is cost prohibitive
Advantages:	Additional revenue for operations
Disadvantages:	Increase in fine may prevent people from borrowing
Comparable Towns / Benchmark:	
Barriers to Implementation:	BOS approval
Execution Timeline:	FY15 feasible

DRAFT – WORK IN PROGRESS

OSC Revenue Subcommittee Recommendations

Summarized below are recommendations of the Revenue Subcommittee that should be implemented based on magnitude of estimated revenue:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Town Meeting Vote	State Legislation	Voter Approval	Costs to Achieve	Degree of Change
9	Adopt Community Preservation Act	$1.9 to $2.9 million	FY15 or FY16	Yes	No	Yes	Some	Tax Increase
10	Implement a Real Estate Transfer Tax	$800 K to $1.5 million	FY16 or FY17	Yes	Yes	?	Some	New Tax
11	Implement credit card surcharge	2% of credit card transactions	FY15	?	?	?	Some	Nee Fee

The Community Preservation Act ("CPA")

Background:

Brookline already currently spends or plans to spend an average of $3 million per year on items eligible for expenditure from funds raised through the Community Preservation Act (CPA).

Communities may establish a special "Community Preservation Fund" for certain open space, historic resource and affordable housing purposes. The CPA is funded by a real estate property tax surcharge of up to 3% (the personal property tax is excluded) and is not subject to the Proposition 2½ levy limit. Funds raised through the property tax surcharge are partially matched from the state "Massachusetts Community Preservation Trust Fund" which is funded by surcharges on fees charged for recording various documents with the Registry of Deeds or Land Court.

In each fiscal year, the Town would have to spend or reserve at least 10% of the annual revenues in the fund for each of open space, historic resources and affordable housing. The remaining 70% may be spread in any proportion among these three uses and up to 5% may be spent on administrative costs. Open space includes acquisition, creation and preservation of open space or land for open space or recreational use. "Historic resources" refers to the acquisition, preservation, rehabilitation and restoration of historic resources. Restoration must meet the requirements of the Standards for Rehabilitation stated in the United States Secretary of the Interior's Standards for the Treatment of Historic Properties codified in 36 C.F.R. Part 68. To be historic, the property must have been determined by the local historic preservation commission to be significant in the history, archeology, architecture or culture of the community. Funds may be used for the creation, preservation and support of community (affordable for individuals and families whose annual income is less than 100 per cent of the area-wide median income) housing. Note that Funds may not be used for ordinary maintenance. There was disagreement between a knowledgeable member of the CPA Study Committee and the Division of Local Services as to whether funds could be allocated for small portions of regular staff time. Brookline could also issue bonds against the future value of the surcharge. Such bonds may be repaid on a "level debt service" basis or other schedule providing for more rapid amortization of principal.

The Community Preservation Act

Background (continued):

Note that monies need not be expended in the year that they are raised. They may instead be allocated to named reserves (e.g. CPA affordable housing reserve). It is not clear whether funds in excess of those needed to meet the minimum 10% requirement can be allocated to an unallocated reserve.

Brookline would have to establish a Community Preservation Committee ("CPC") to recommend spending to Town Meeting. Any expenditure requires the approval of both the CPA Committee and Town Meeting. The Study Committee recommended that the Community Preservation Committee be composed of the five members required by law (representatives of the Preservation Commission, Conservation Commission, Housing Authority, Parks and Recreation Commission and Planning Board) and four additional members. Three of the additional members should be representatives of the Board of Selectmen, the School Committee and the Advisory Committee. Brookline is unusual in having both a Housing Authority whose role is to manage public housing and a separate Housing Advisory Board ("HAB") whose role is to promote privately-owned affordable housing. The Study Committee supported including a representative of HAB on the CPC. It recommended that the other three members be representatives of the Selectmen, School Committee and Advisory Committee. Town Meeting supported these recommendations. Given that it support for the Housing Authority is likely to be channeled through HAB, an alternative would be to recommend that the Housing Authority representative on the CPA committee also be the Authority's representative on HAB and to include a fourth town-wide official on the CPA committee.

The Community Preservation Act

Background (continued):

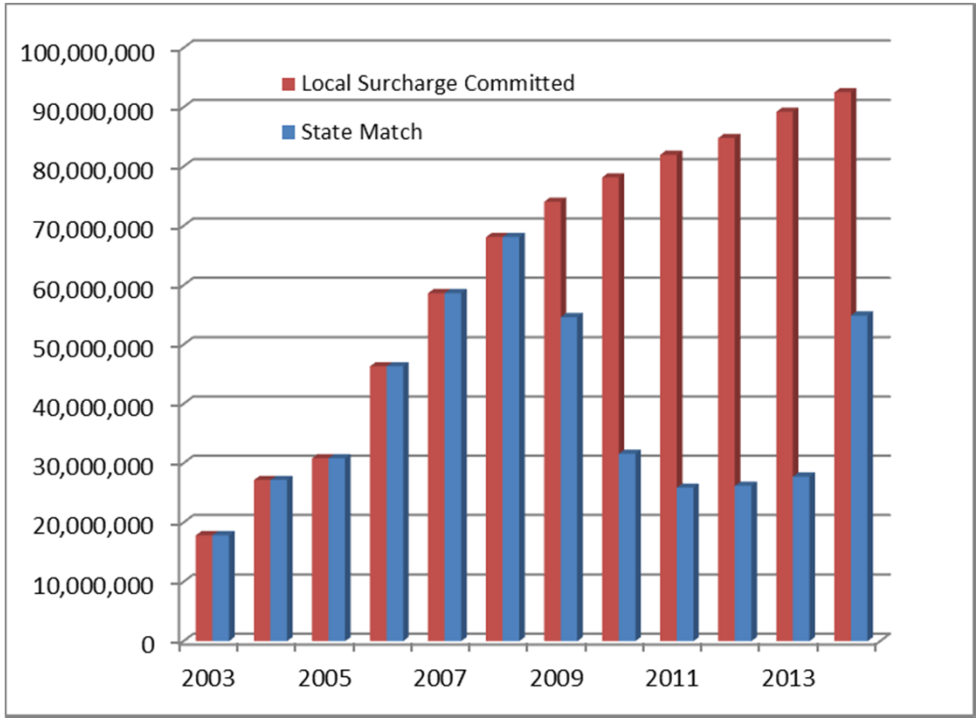
To adopt the CPA, Town Meeting, by a majority vote, would have to vote in favor of placing the proposal on the ballot for the next town-wide or state election (subject to some notification requirements). Alternatively 5 percent of registered voters may petition to place the CPA on the ballot. Town Meeting (or the petitioners) would need to specify the amount of the surcharge (up to 3%) and any exemptions from the surcharge (there are 3 possible exemptions allowed under the CPA). The general electorate would then also have to vote in favor of the surcharge by a majority vote. After 5 years, the CPA could be revoked by a vote of Town Meeting, and then a vote of the general electorate. However, it was the view of a knowledgeable attorney on the CPA Study Committee that, if the state were to divert the CPA matching funds, which are derived from the accumulation of filing fees collected at the Registry of Deeds and the Land Court, Town Meeting and the general electorate could effectively eliminate the CPA by voting to reduce the surcharge to .01%. If any CPA projects had been bonded, however, the surcharge would have to continue to the level necessary to pay the debt on the bond.

The proposal adopted by Town Meeting and voted on by the electorate may include exemptions for a) property owned and occupied as a domicile by a person who would qualify for low income housing or low or moderate income senior housing, b) commercial, and industrial, property, and c) $100,000 of the assessed valuation of residential parcels. The CPA Study Committee recommended the first and third of these. This was the outcome of the Town Meeting vote to put the CPA on the ballot.

State Matching Funds Over Time

The attraction of the CPA is that the funds raised are matched by the state. The history of the state match is shown below:

Fiscal Year	State Match	Comm.	% Match
2003	17,854,420	34	100.00%
2004	27,161,342	54	100.00%
2005	30,822,218	61	100.00%
2006	46,337,391	82	100.00%
2007	58,666,783	102	100.00%
2008	68,131,814	113	100.00%
2009	54,614,430	127	67.62%
2010	31,581,103	135	34.81%
2011	25,867,695	142	27.20%
2012	26,182,297	143	26.64%
2013	27,722,042	148	26.83%
2014*	54,894,003	148	52.22%



148 of the 351 (or 42%) MA towns & cities participate

* In FY14 a $25 million one-time match was appropriated, reflecting political pressures to raise the match and suggesting that there may be political pressure to raise the match in the future.

Source: http://www.mass.gov/dor/local-officials/municipal-data-and-financial-management/data-bank-reports/cpa/

Last Year's State Matching Funds (continued)

On November 15th, 2013 the Division of Local Services (DLS) processed the annual distribution of state funds to the 148 communities that adopted the Community Preservation Act (CPA) statute and collected the local surcharges during FY2013. The state match totaled $54.9 million and was funded through the traditional Registry of Deeds revenue collections and a one-time infusion of $25 million in state surplus revenue. The combined revenue sources allowed for a first round match of 52.22 percent. This is the first time the first round state match has been over 50 percent since FY2010. Without the additional revenue added to the trust fund this year, cities and towns in the program would have received a first round match of less than 31 percent and total state funding of $32.7 million.

According to the Community Preservation Act, there are three potential rounds for distributing the state match:

- Round 1 distributes 80% of CPA trust fund balance to all CPA participants
- Round 2 equity distribution (only for those with 3% surcharge)
- Round 3 surplus distribution (only for those with 3% surcharge)

When there are sufficient available funds in the trust fund to match the net surcharge committed, the CPA statute requires the Division to provide a 100 percent match. In FY2009, the first year that there was not enough money to provide a 100 percent match, the Commissioner chose to distribute matching funds using only the first and second rounds. By holding back the Round 3 surplus distribution, we were able to reserve a little additional funding for FY2010, decreasing the rapid reduction in the state match slightly. Since FY2010, DLS has calculated the state match using all three rounds.

Source: *City & Town* - December 5th, 2013

Estimated Revenue from CPA

CPA revenue estimate is calculated as follows:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Est. FY15 Property Tax Revenues	181,835,286	181,835,286	181,835,286	181,835,286
Less: Est. FY 15 Personal Property Tax	(3,673,073)	(3,673,073)	(3,673,073)	(3,673,073)
Est. Property Tax Subject to Surcharge	178,162,213	178,162,213	178,162,213	178,162,213
Our recommended CPA Surcharge Rate	1.0%	1.0%	1.5%	1.5%
Gross CPA Surcharge:	1,781,622	1,781,622	2,672,433	2,672,433
Less (based on the CPA Study Committee): [Estimated Figures Used]				
$100K Residential exemption	(220,000)	(220,000)	(330,000)	(330,000)
Low and low-moderate senior exemption	(23,000)	(23,000)	(34,500)	(34,500)
Commercial and industrial exemption ($250k)				
Adjusted CPA Surcharge:	1,538,622	1,538,622	2,307,933	2,307,933
Add:				
Estimated State Match %	25%	50%	25%	50%
Estimated State Match $	384,656	769,311	576,983	1,153,967
Estimated CPA Revenue:	1,923,278	2,307,933	2,884,916	3,461,900
subject to:				
Historic preservation minimum (10%)	192,328	230,793	288,492	346,190
Open space minimum (10%)	192,328	230,793	288,492	346,190
Affordable housing minimum (10%)	192,328	230,793	288,492	346,190
Administrative expenses maximum (5%)	96,164	115,397	144,246	173,095

CPA in our Comparable Towns

Brookline has often looked at the following peer communities for comparisons: Arlington, Belmont, Boston, Cambridge, Dedham, Framingham, Lexington, Medford, Needham, Newton, Somerville, Waltham, Watertown and Wellesley (called "municipal peers" and denoted by MP below). We also looked at other communities with a comparably strong commitment to education. These communities include: Dover-Sherborn, Concord-Carlisle, Lexington, Lincoln-Sudbury, Newton, Wayland, Wellesley, Weston and Winchester (called "school peers" and denoted by SP below).

Vendor Name	Peer Group	Fiscal Year Adopted	Net Surcharge Raised	Surcharge Percent Adopted (3% Max)	FY12 Match	First Rnd % Match	Final % Match
BELMONT	MP	2012	868,072	1.50%	232,884	26.83	26.83
CAMBRIDGE	MP	2002	7,745,548	3.00%	2,109,989	26.83	27.24
NEEDHAM	MP	2006	1,629,164	2.00%	437,068	26.83	26.83
WALTHAM	MP	2006	2,392,800	2.00%	641,935	26.83	26.83
LEXINGTON	MP & SP	2007	3,344,371	3.00%	929,252	26.83	27.79
NEWTON	MP & SP	2002	2,430,859	1.00%	652,145	26.83	26.83
WELLESLEY	MP & SP	2003	936,256	1.00%	251,176	26.83	26.83
CARLISLE	SP	2002	358,206	2.00%	96,099	26.83	26.83
CONCORD	SP	2005	899,735	1.50%	241,379	26.83	26.83
LINCOLN	SP	2005	640,827	3.00%	216,763	26.83	33.83
SUDBURY	SP	2003	1,534,878	3.00%	443,805	26.83	28.91
WAYLAND	SP	2002	669,515	1.50%	179,616	26.83	26.83
WESTON	SP	2002	1,730,733	3.00%	502,755	26.83	29.05

In FY2013, 148 communities assessed the surcharge on property tax bills making them eligible for the state match in FY2014. Of the 75 communities that adopted the maximum three percent surcharge, 23 are receiving a 100 percent state match. These communities collectively account for only $3.5 million of the total $92.5 million committed statewide by all communities that have adopted the surcharge. In addition to the 23 communities with a 100 percent match, there are five communities with a state match over 90 percent and another five communities receiving between 80 and 89 percent state matches.

Eligible Current and Projected Expenditures

In light of the uncertainty surrounding matching funds, we recommend that all CIP projects be tax-funded. The following projects (both planned for bonding and scheduled to be tax-funded) currently in the CIP as CPA eligible (note: table excludes CPA ineligible projects that will be funded in FY15 that have already been authorized).

	FY2015		FY2016		FY2017		FY2018		FY2019		FY2020	
	Amt	**Funding**	**Amt**	**Funding**	**Amt**	**Funding**	**Amt**	**Funding**	**Amt**	**Funding**	**Amt**	**Funding**
Brookline Ave Playground			870,000	A								
Brookline Reservoir Park					80,000	A	1,800,000	A				
Corey Hill Playground			40,000	A	560,000	B						
Cypress Playground/Athl. Field											100,000	A
Emerson Garden Playground			60,000	A	610,000	B						
Brookline Reservoir Gatehouse Roof			250,000	A								
Harry Downes Field & Playground					80,000	A	800,000	A				
Larz Anderson Park									2,700,000	B	2,200,000	B
Murphy Playground							60,000	A	720,000	A		
Pierce Playground	**90,000**	**A**	920,000	B								
Robinson Playground									90,000	A	900,000	A
Schick Playground							70,000	A	700,000	A		
Soule Athletic Fields									50,000	A	500,000	A
Playground Skatespot			20,000	A	200,000	A						
Old Burial Ground												
Walnut Hills Cemetery	**100,000**	**I**	50,000	I								
Total - Revenue-Financed	190,000		1,290,000		360,000		2,730,000		1,560,000		1,500,000	
Total - Bond-Financed			920,000		1,170,000				2,700,000		2,200,000	
TOTAL	**190,000**		**2,210,000**		**1,530,000**		**2,730,000**		**4,260,000**		**3,700,000**	

Funding: A = Revenue-financed
B = Bond-financed
I = Other

Total planned funding over the six years is $14,620,000 or an average of $2,437,000 per year. In FY16-FY20, eligible items average $2,886,000, which is probably a more reasonable long-run average in real terms. Also, some part of the Devotion School project could be eligible depending on what happens to the "historic" original building

Additional Eligible Expenditures

Many of the parks and open spaces in Brookline are historic. By allocating these rehabilitations to “historic preservation” and renovation of other recreational facilities to “open space,” it should be easy to meet the 10 percent requirements.

Other eligible expenditures:

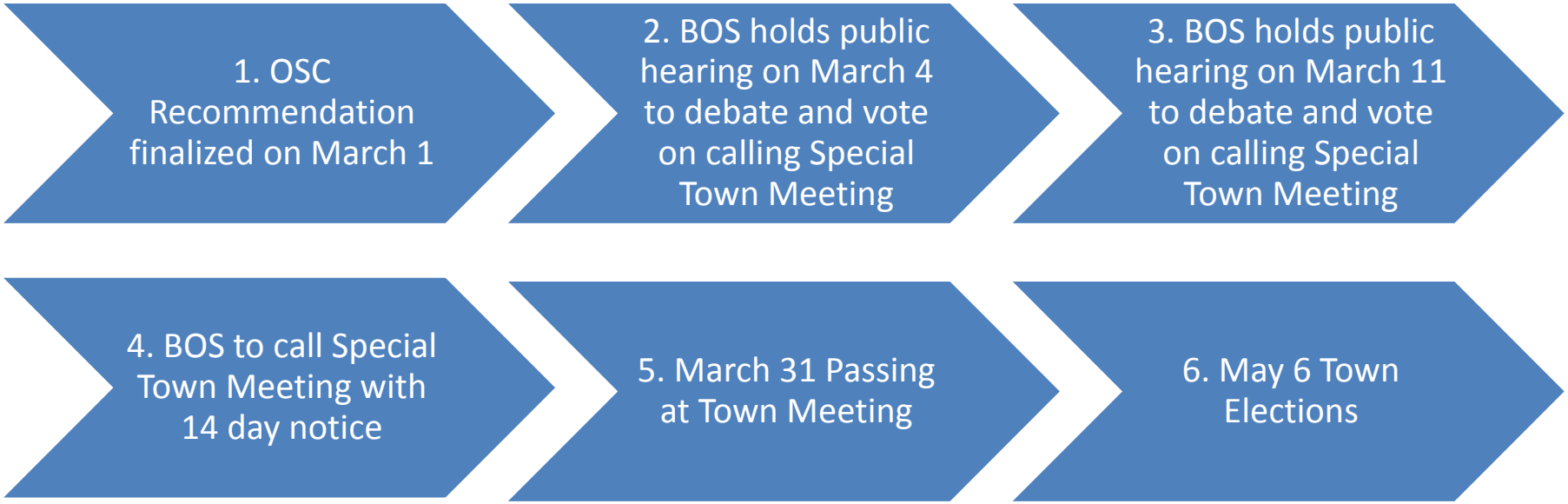
1. Affordable housing - budgeted amounts for the trust fund were close to $400K over the last three years. This could be funded on a regular basis from CPA, freeing up free cash for other uses.

2. As noted above, there was disagreement about whether the 5% administrative costs (roughly $150,000) could be allocated in small amounts to staff not primarily associated with the CPA. It is possible that the housing sub-program of planning and community development could be charged in whole or in part to the CPA ($43K) even if smaller amounts could not.

Therefore, we have $2.437 million for open space/historic preservation, $400 thousand for the Affordable Housing Trust and, possibly, $150 thousand for administrative costs. The total surcharge plus match needed would therefore be approximately $3.0 million. Assuming a 25% match, the surcharge would be $2.4 million. Again in very rough numbers, this would require a surcharge of about 1.5%.

“Fast-tracking” for FY15 Timing

Timing for FY15 Budget Implementation:



Recommendation – Adopt the CPA

Range of Potential Revenue:	$1.5 to $3.0 million depending on rate and state match
Constituents Impacted:	All Brookline taxpayers
Ramifications:	Revenue restricted for specific use
Advantages:	"Free money" from state (less costly to residents and businesses) Already spending money on three categories of CPA Ability to "opt out" after five years
Disadvantages:	Spending CPA may not be 100% aligned usual budget process Coordinating CIP spending to reduce the magnitude of a debt exclusion is a challenge
Comparable Towns / Benchmark:	Over 148 other MA towns and cities currently participate in CPA
Barriers to Implementation:	Town Meeting; Voter approval
Execution Timeline:	FY15, if coordinated and passed by Town and voters

OSC Revenue Subcommittee Recommendations

Summarized below are recommendations of the Revenue Subcommittee that should be implemented based on magnitude of estimated revenue:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Town Meeting Vote	State Legislation	Voter Approval	Costs to Achieve	Degree of Change
9	Adopt Community Preservation Act	$1.9 to $2.9 million	FY15 or FY16	Yes	No	Yes	Some	Tax Increase
10	Implement a Real Estate Transfer Tax	$800 K to $1.5 million	FY16 or FY17	Yes	Yes	?	Some	New Tax
11	Implement credit card surcharge	2% of credit card transactions	FY15	?	?	?	Some	Nee Fee

Real Estate Transfer Tax

Background:

Real estate transfer tax is a tax that may be imposed by states, counties, or municipalities on the privilege of transferring real property within the jurisdiction. Total transfer taxes range from very small (for example, .01% in Colorado) to relatively large (4% in the city of Pittsburgh).

Some U.S. states have a variety of transfer tax laws which may include specific exemptions for certain types of buyers based on buying status or income level. For example, Maryland exempts certain "first time buyers" from a percentage of the total or excludes a portion of the property's sales price from taxation altogether.

Another variation which exists is either the legal requirement to split the taxes between the parties or the local custom to do so. Thus, in Washington, DC, the 2.2% is generally split between the seller and the buyer.

Alternatively, another version of this transfer fee concept:

in NYC, a flip tax is a fee paid by a seller or buyer on a housing co-op transaction typically in New York City. It is not a tax, and not deductible as a property tax. It is a transfer fee payable upon the sale of an apartment to the co-op. Flip taxes are considered a method to help raise money for a co-op's overhead expenses without raising the maintenance fees or assessing flat charge to all residences. Charging the fee to those who are leaving the building seems to be the most politically feasible.

Note:

This is not the same as the tax sometimes called deed stamps, transfer tax or excise tax currently in place in Massachusetts (see Appendix for additional details on existing deed stamps, transfer tax or excise tax).

Source: http://en.wikipedia.org/wiki/Real_estate_transfer_tax

Real Estate Transfer Tax Proposal

We are proposing a the Real Estate Transfer Tax that is a tax on the sale, granting, and transfer of real property or an interest in real property. The tax can imposed on both the buyer and/or the seller at a predetermined rate of the price or consideration for the sale, granting, or transfer.

Examples of transactions that can be taxable:

- Sales of land and buildings.
- Transfers between a business entity and its owners.
- Transfers between related business entities.
- Transfers from the State or Town. In such circumstances the tax applies only to the buyer.
- Transfers with the U.S. government or with any of its agencies, instrumentalities or any government corporation that is specifically exempt from state tax per federal law. In such circumstances, the tax only applies to the counterparty, and not to the U.S. government.
- Sale or granting of a right-of-way or an easement on property.
- Transfers through foreclosure or by deed in lieu of foreclosure.
- Leases of real estate for 99 years or longer, inclusive of renewal rights whether exercised or not.
- Transfers through deed issued as a result of a sheriff's sale.
- Transfers of interests in time-share properties.
- Transfers of interests in real estate holding companies.
- IRC § 1031 like-kind exchanges and other real estate for real estate swaps.

Source: http://www.revenue.nh.gov/faq/dra_800.htm

Real Estate Transfer Tax Proposal (continued)

On what is the tax based?

- For most arms length transactions, the tax is based on the actual price or consideration agreed to by the parties.
- For transactions in which the consideration paid is $4,000 or less, the minimum tax is due ($20 from the buyer and $20 from the seller).
- For transactions between related parties in which the consideration stated is unsupported, the tax will be assessed on the fair market value of the property.
- For exchanges involving property or services, the tax is based on fair market value.
- For transfers of interests in holding companies, the tax is based on the fair market value of the interest attributable to the real estate.

Exceptions to the Real Estate Transfer Tax include:

- Non-contractual transfers (i.e., essentially a gift and is evidenced by the transferor's donative intent toward the transferee, actual delivery of the property to the transferee, and complete relinquishment of control over the property).
- Transfers between spouses pursuant to a final decree of divorce or nullity.
- Filing of a deed or other instrument that correct a deed.
- Transfers to the state of MA, or a county, a municipality, or other political subdivision of the state of MA.
- Transfers of cemetery plots.
- Transfers that occur by devise, by intestate succession and descent, or by the death of a joint tenant.

Source: http://www.revenue.nh.gov/faq/dra_800.htm

Illustration of Revenue Impact on Recent Sales

Property Type & Address	Bed-room	Full Baths	Half Baths	Est. Sq. Ft.	List Price	Sold Price	Sold Date	Proposed Transfer Tax Rate			
								0.1%	0.2%	0.5%	1.0%
Condo:											
1160 Beacon Street #104	2	2	1	1,742	$ 1,165,000	$ 1,300,000	08/29/13	$ 1,300	$ 2,600	$ 6,500	$ 13,000
Single Family:											
118 Mason Terrace	7	4	1	5,288	$ 1,590,000	$ 1,500,000	08/02/13	$ 1,500	$ 3,000	$ 7,500	$ 15,000
Multi Family:											
88 Browne Street	5	3	-	4,857	$ 1,300,000	$ 1,600,000	08/01/13	$ 1,600	$ 3,200	$ 8,000	$ 16,000

Source: Re/Max Real Estate Market Update for October 2013

Revenue Impact on Historical Real Estate Sales

Sales $	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
SFL	213,938,862	299,238,330	279,493,625	246,554,814	324,856,103	207,266,971	191,786,190	230,502,956	264,606,703	310,987,392	
Condos	359,713,224	474,434,921	445,081,004	367,528,774	393,738,626	343,865,127	368,685,006	307,126,988	311,168,407	391,011,910	
2-FAM	26,455,640	21,096,575	28,869,000	17,985,250	22,238,500	20,400,780	11,532,250	16,985,000	33,466,815	29,919,950	
3-FAM	11,870,250	12,675,500	10,622,500	13,317,500	12,557,500	8,209,000	4,357,500	7,850,000	26,354,134	9,500,000	
Apts	20,612,500	57,545,000	201,246,900	7,280,000	44,516,000	1,620,000	147,761,000	20,227,500	92,366,372	108,196,000	
Comm.	30,354,528	37,092,700	22,677,548	23,554,865	45,510,000	21,383,140	63,893,328	127,229,057	43,629,853	6,480,748	
Totals $	662,945,004	902,083,026	987,990,577	676,221,203	843,416,729	602,745,018	788,015,274	709,921,501	771,592,284	856,096,000	
Exempt	-	-	17,441,306	1,300,000	-	763,000	1,970,130	800,000	7,596,788	6,000,000	
Projected Revenue											3 Yr Avg:
0.10%	662,945	902,083	987,991	676,221	843,417	602,745	788,015	709,922	771,592	856,096	779,203
0.20%	1,325,890	1,804,166	1,975,981	1,352,442	1,686,833	1,205,490	1,576,031	1,419,843	1,543,185	1,712,192	1,558,407
Transaction Count:											
SFL	184	229	192	186	218	162	150	162	190	207	
Condos	823	976	850	739	796	664	778	585	564	691	
2-FAM	36	25	27	20	25	23	14	16	35	27	
3-FAM	12	12	12	12	10	8	5	7	24	10	
Apartments	13	16	20	4	11	2	10	9	17	19	
Average Sales Price:											
SFL	1,162,711	1,306,718	1,455,696	1,325,564	1,490,166	1,279,426	1,278,575	1,422,858	1,392,667	1,502,355	
Condos	437,076	486,101	523,625	497,333	494,647	517,869	473,888	525,003	551,717	565,864	
2-FAM	734,879	843,863	1,069,222	899,263	889,540	886,990	823,732	1,061,563	956,195	1,108,146	
3-FAM	989,188	1,056,292	885,208	1,109,792	1,255,750	1,026,125	871,500	1,121,429	1,098,089	950,000	
Residential Exemption % of Sale Properties:											
SFL	88%	93%	85%	82%	89%	85%	88%	78%	78%	70%	
Condos	68%	65%	61%	66%	66%	64%	59%	65%	67%	57%	
2-FAM	73%	76%	63%	76%	64%	71%	65%	66%	64%	36%	
3-FAM	40%	45%	50%	45%	54%	100%	18%	38%	45%	15%	

Source: Town Assessor's Office

Recommendation: Implement a Real Estate Transfer Tax

Range of Potential Revenue:	$800,000 to $1.5 million depending on rate
Constituents Impacted:	New buyers and sellers; certain renters
Ramifications:	Change in purchase prices
Advantages:	New source of unrestricted revenue from limited transactions
Disadvantages:	Requires state legislation to pass Additional amount that is required at closing
Comparable Towns / Benchmark:	Common tax revenue outside of MA
Barriers to Implementation:	Town Meeting; BOS approval? Voter approval? State reluctant to pass legislation that benefits only one Town
Execution Timeline:	FY16, if coordinated and passed by State, Town and voters (?!)

OSC Revenue Subcommittee Recommendations

Summarized below are recommendations of the Revenue Subcommittee that should be implemented based on magnitude of estimated revenue:

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Town Meeting Vote	State Legislation	Voter Approval	Costs to Achieve	Degree of Change
9	Adopt Community Preservation Act	$1.9 to $2.9 million	FY15 or FY16	Yes	No	Yes	Some	Tax Increase
10	Implement a Real Estate Transfer Tax	$800 K to $1.5 million	FY16 or FY17	Yes	Yes	?	Some	New Tax
11	Implement credit card surcharge	2% of credit card transactions	FY15	?	?	?	Some	Nee Fee

OSC Revenue Subcommittee Recommendations

Summarized below are recommendations of the Revenue Subcommittee that leverages other sources for revenue (e.g., endowment or similar funds):

	Revenue Subcommittee Recommendations	Est. Annual Impact (in 000s)	Implementation Factors					
			Time Frame to Implement	Town Meeting Vote	Third Party Approval	Voter Approval	Costs to Achieve	Degree of Change
12	Work with endowment funds to ensure reliable yearly contribution:							
A	Library: Leverage Library Trust Fund with $4.5 Million	$32 K (savings)	FY15	No	Yes (Library Trustees)	No	No	Yes
B	Cemetery: Leverage Endowment (e.g., modify 50/50 split)	$37.5 K (savings)	FY15	No	Yes (Cemetery Trustees)	No	No	Yes
13	Increase Cemetery Rates	Approx. $93K - $156K	FY15	No	Yes (Cemetery Trustees)	No	No	Yes

OSC Revenue Subcommittee Recommendations

We are also proposing a set of recommendations that are related to Brookline Schools and, as we understand, the school board is not currently actively pursuing. These may be worth further consideration:

1. Partner with Corporate Sponsors

2. Leverage Donation from Alumni of Brookline Schools

3. Establish Capital Campaigns for Schools

We continue to also recommend that programs that are offered should be offered at 100% cost recovery and defer to the recommendations made by the School Program Task Force and Population and Special Education Task Force Subcommittees.

OSC Revenue Subcommittee Recommendations

Summarized below are the long-term (i.e., “stretch”) recommendations of the Revenue Subcommittee. These require additional analysis and research by the Revenue Subcommittee.

1. Revisit Municipal Impact Fees

2. Adopt 40R and 40S

3. Establish Naming Opportunities

4. Consider eminent domain for certain properties

5. Recommend additional zoning changes to facilitate commercial development

Demographics Subcommittee to Override Committee

Interim Report January 15

OVERVIEW:

The charge we set for this subcommittee was in 3 parts:

First, assess the reliability of the demographic data provided by the School Committee and the School Department. This is the enrollment projection data produced and provided by MGT in their Reports to the School Committee dated 2009 and then updated in 2012. This data has most recently been cited by B-Space during their work of January-August 2013 and, underlies the School Committee's vote of 9.19.13 to validate the need for building additional classrooms and common space in the schools.

Second, the subcommittee is attempting to find information that could provide the Town and Schools new tools to enhance predictability and more accurately track trends in Brookline's 0-4 year old cohort prior to their actual enrollment in kindergarten at age 5.

Third, to see if we could shed any light on how such a significant increase in families with school age children could be housed in Town in the absence of any substantial change in the number of housing units available.

To date, we have consulted or plan to consult the following quantitative sources: U.S. census, Town of Brookline Census, City of Newton Demographic Study, Brookline High School Study, Town of Brookline Assessor's data, Brookline School Dept. Census as well as qualitative data, such as realtors' reports and Brookline Department of Health inspectors' reports on pre-school numbers.

1. MGT ENROLLMENT PROJECTIONS

We submit our comments below while recognizing that demographics is both an art and a science. We are currently in doubt about the quality of MGT's projection methodology, especially with reference to their reliance on the cohort stability assumption.

MGT's school population forecast places a great deal of weight -- 85% -- upon one critical assumption -- i.e., that the size of each cohort will remain roughly constant over the full 13 years from kindergarten through the 12th grade. Under this assumption, the number of kids entering kindergarten in any given year is simply carried forward, unchanged, into all subsequent years for that class.

The "cohort stability assumption" does not require or expect that the same pupils will stay in the Brookline school system for the full 13 years. Indeed, experience has demonstrated that there is considerable "churn" over the 13-year period, typically in the range of 40%. However, according to data compiled by the School Department, kids leaving the Brookline schools are replaced, on average, by a like number of kids entering

the system in those same grades.

MGT's forecast is critically dependent upon the validity of the "cohort stability" assumption. Although the School Department has compiled data that appears to support this, for the most part the data was compiled over a period of relative stability in total school system enrollment. It is not at all clear that the stability experience present under such steady-state conditions can be extrapolated over to the high and persistent growth condition that the system is currently experiencing.

For example, it has been suggested that some of the growth in the number of kids entering kindergarten in recent years has come from young families of graduate students, post-doctoral fellows, and medical residents that are in the Boston area for several years after which they will relocate elsewhere. If this source of demand persists, these departing families will be replaced by new young families with children in the early grades, rather than by those with children of the same age as the departing family. If this is the case, the influx of entering kindergarten pupils will not persist throughout the life of the cohort. And conversely, should that source of demand decrease due to external factors, e.g. decline in NIH funding, the number of children entering the system could actually decline.

Unfortunately, there does not appear to be any discussion or information in the MGT report supporting its extrapolation of the prior steady-state cohort stability experience into the current and future high growth condition. If that extrapolation is not valid -- and it may well not be valid -- the basis for the MGT forecast, and thus the forecast itself, cannot properly be relied upon to support major capital decisions.

2. ON GOING INITIATIVES

These have no current results to report.

We continue to work data describing:

- Changes in Brookline housing stock
- Changes of students within the system
- Students coming from out of district
- Students coming from out of state.

By its Members:

Ann Tolkoff, Chair; Alberto Chang, Lee Selwyn, Sergio Modigliani

Capital Subcommittee Findings, DRAFT January 15, 2014

1. The amount of capital required is largely determined by the number of new classrooms needed. Currently, absent any policy changes, the number established by the School Department to accommodate student growth at K-8 is 23 additional classrooms by FY '19 ("baseline need"). It is important to note that the School Committee identified a slightly higher need (25 -30 classrooms) as well as a need for 11-13 additional classrooms to alleviate suboptimal space usage that has occurred in recent years.

2. Following the B-Space process and the subsequent vote by the School Committee, the working plan to address this K-8 classroom need is through projects at Devotion (+5), Lawrence (+4), Driscoll (+12) and relocation of 2 BEEP's (+2) = 23. We estimate those project costs to be approximately as follows: Devotion $110M, Lawrence $5M, Driscoll $53M, and the 2 BEEP's $2M (rental as leveraged into capital by cash flows) = $170M. In addition, absent any policy changes, current levels of population growth necessitates that the high school be able to accommodate approximately 2500 students by 2022. BHS study is ongoing but current estimates from HMFH are $40M-$90M for a BHS project. If we assume $70M, the capital total is now $170M K-8 + $70M HS = $240M. If we assume that MSBA will provide 35% reimbursement of all these projects (which may be too much given the current MSBA reimbursement caps at $275/SF), the cost to the town drops from $240M to $156M.

3. There is no option, other than policy changes, that can provide enough classrooms quickly enough. (See No. 8).

4. Policy changes are controllable and allow predictable capital calculations. The number of new classrooms needed could be reduced through various policy tools. These include changes in School Committee policy concerning one or more of the following:
   - Classroom assignment procedures
   - METCO program
   - Material Fee program
   - Class Size policies

5. The analysis for the Capital required to address the School system's needs must include consideration of both the K-8 and the High School, though the High School's needs are now under study by the Superintendent, the Headmaster and High School community with results later this year.

6. The MSBA reimbursement rates of about 35% of project costs in Brookline represent an important source of revenue in helping to defray costs to the Brookline taxpayer. They may also add to the time required to deliver new projects.

7. Our subcommittee was instructed to accept the expanded Devotion project of 1,010 students as a "train that had already left the station". Accordingly, our work has been limited to evaluating the cost implications of this pre-determined project which are anticipated to be $110 million in total project cost or $75 million of cost to the town. The cost of this project cannot be supported within the towns Capital Improvements Program (CIP) and therefore will require a capital override for all or part of this cost.

8. The Capital Subcommittee evaluated capital options to address the K-8 baseline classroom need in the event policy changes are not implemented. This committee reviewed the work of B-Space and identified two potential capital improvement options to address the remaining need (assumes Devotion and Lawrence are implemented as shown in Item #2 above): 1) the expansion and renovation of Driscoll and 2) repurposing the existing Old Lincoln School building for a new K-8 school. Repurposing the Old Lincoln School is the more cost effective approach to adding a significant number of new classrooms and can accommodate more than the baseline need.

9. The Old Lincoln School represents an asset class that provides important flexibility as swing space that has been crucial for more than 10 major capital projects, allowing temporary re-assignment of students or Town departments while primary buildings were renovated. It may have several future roles as either overflow, a new K-8, or as part of the HS solution. It will remain in use as a temporary location for some K-8 students during planned construction periods in the next 3-4 years.

10. Future School Committee deliberations concerning programs require that capital considerations should be integrated into the decision making process of that body.

DRAFT

Draft 1/15/14

OSC School Subcommittee Preliminary Report: Executive Summary

Background

The Public Schools of Brookline (PSB) has continued to experience budget pressure since the 2008 Override. One of the foremost drivers of this budget pressure is a substantial increase in student enrollment (Kindergarten enrollment has increased by 35%, from 406 in 2004 to 630 in 2014). However, the School budget is also faced with a structural deficit, even without the pressures caused by continued enrollment growth, due to increases in personnel costs (driven by personnel costs including the "steps and lanes" pay structure and healthcare costs) and in Special Education costs. Active cost management (including implementing several efficiencies and cost cuts), one-time infusions of funding, such as ARRA funding in 2009-2010, and savings from entering the GIC in 2011 have enabled PSB to balance the budget in recent years. However, as PSB expects these cost drivers to persist, it is forecasting a growing budget deficit in fiscal year 2015 (FY15) and beyond.

The Town presented a long range financial forecast on December 10, 2013. For FY15, the projected School deficit is $1.25M; net of enrollment the structural deficit is $778K. Additionally, PSB projects additional budget increases in order to "catch up" on staffing administrative structures and student supports that have not kept pace with growing enrollments. Finally, PSB also proposed that certain additional programmatic and technological investments are important for its continuous improvement. All of these costs combined add up to an estimated annual operating budget deficit of $5.6M in FY15.

Exhibit 1: PSB Budget Deficit Projections FY15-19

	FY 15	FY 16	FY 17	FY 18	FY 19
12/10/13 LONG-RANGE FINANCIAL PLAN					
"Base Case" School Share of Surplus/(Deficit)	$ 635,971	$ (899,001)	$ (2,655,326)	$ (4,364,072)	$ (5,321,047)
"Base case" School Collective Bargaining	$ 1,881,200	$ 1,350,000	$ 1,400,000	$ 1,430,000	$ 1,460,000
Annual change in School Surplus (Deficit)	$ (1,245,229)	$ (1,003,772)	$ (1,806,325)	$ (1,738,746)	$ (986,975)
Total Cum. "Base Case" School Surplus (Deficit)	**$ (1,245,229)**	**$ (2,249,001)**	**$ (4,055,326)**	**$ (5,794,072)**	**$ (6,781,047)**
"CATCH-UP" and IMPROVEMENTS: 11/13/13 Proposal from PSB					
Enrollment "Catch-up" annual change	$ 1,471,132	$ 492,763	$ 531,599	$ 753,959	$ 564,473
Program enhancement annual change	$ 1,767,949	$ 820,266	$ 668,202	$ 826,273	$ 295,316
Total annual change	$ 3,239,080	$ 1,313,029	$ 1,199,801	$ 1,580,231	$ 859,789
Annual change in School Surplus/(Deficit)	$ (4,484,309)	$ (2,316,801)	$ (3,006,126)	$ (3,318,977)	$ (1,846,764)
Total Cum. Surplus/(Deficit) with "Catch-up"	**$ (4,484,309)**	**$ (6,801,110)**	**$ (9,807,236)**	**$(13,126,213)**	**$ (14,972,977)**
TECHNOLOGY: 12/3/13 Proposal from PSB					
Technology Proposal annual change	$ 1,146,283	$ 567,592	$ 452,900	$ (3,812)	$ 63,953
Annual change in School Surplus/(Deficit)	$ (5,630,593)	$ (2,884,392)	$ (3,459,026)	$ (3,315,165)	$ (1,910,717)
Total Cum. Surplus/(Deficit) with Technology	**$ (5,630,593)**	**$ (8,514,985)**	**$ (11,974,011)**	**$(15,289,177)**	**$ (17,199,893)**

Note that these projections come before the Superintendent's preliminary budget is due to the School Committee (due on Feb 12), and may be revised. The budget deficit and enrollment growth estimates are also subject to much uncertainty, including:

- Kindergarten enrollment in FY15 and beyond
- Collective Bargaining contract up for negotiation in FY15
- Healthcare cost increases
- Special Education costs
- State Aid funding amounts

Within this context of an operating deficit, the OSC Schools Subcommittee sought to analyze and understand the biggest cost drivers of the school budget and the cost implications of PSB's operating choices. It is also critical to highlight that enrollment growth is outstripping the capacity of PSB's facilities. While the planned capital investments in school expansion and renovation were reviewed by the OSC Capital Subcommittee, the reality that operating choices such as class size and programs that increase student population may also have substantial capital impacts drove this Subcommittee to review the cost implications of those choices.

To do this analysis, the Schools Subcommittee divided the work into two separate task forces:

- *School Programs Task Force* analyzed the overall school budget, including personnel costs and programmatic choices that affect the entire school population such as staffing decisions, class size and technology
- *Population and Special Education Task Force* analyzed two separate issues: programmatic choices that increase the size of the PSB population (such as Materials Fee, METCO, BEEP, and others), and PSB's approach to Special Education

The following list highlights the findings of each task force. It is not yet a set of recommendations, as the OSC has not yet deliberated on these issues or heard from the public. It is an analysis designed to highlight for the School Committee and the public the cost implications of PSB's cost choices and priorities, and collective bargaining contracts.

Summary Findings from the School Programs Task Force

1. Manage Personnel Costs to sustainable levels: This task force re-iterates the recommendations of the 2008 OSC that annual compensation and benefits increase at a rate considered sustainable over time, not exceeding revenue limitations imposed by proposition 2 ½ and State Aid. The personnel costs embedded in the collectively bargained teachers' contract represent the most significant portion of PSB's budget, and must be renegotiated in FY15. In Exhibit 1 above, the projected cost increase due to collective bargaining in FY15 is $1.88M, assuming a 2% salary increase. If the salary increase were 1%, PSB would save $740K annually. The "Steps and lanes" pay structure also represents, on average, a 3.5% cost increase per year. There are also several areas beyond compensation that impact the budget: e.g., length of school day and year, sick leave bank, and contractual elements that restrict PSB's flexibility in staffing (e.g., planning time). Separate from the school contracts, this task force also agrees with the findings of the OSC Pension and Benefits Subcommittee regarding significant cost savings from decreasing the share of health insurance premium borne by the town and/or exploring mechanisms to incentivize employees to choose less costly health plans. Difficulty of implementation of these considerations is high, as they need to be collectively bargained. Potential impacts on education are moderate insofar as PSB remains competitive with comparable towns.

2. Increase K-8 Class Size: Considered impacts of increasing target average K-8 class size from a current average of 21 to 24 and thereby reducing the number of required classroom sections and corresponding capital costs to build additional classrooms. Operating cost savings are also high (long run $1M+/year). In FY15 dollars, the incremental operating savings is estimated at $94K-132K per classroom (higher cost in lower grades). One option is to implement gradually for all K-8 (starting with K only, as feasible within the limits of how children are assigned to schools and consistent with PSB's desire to retain current staff for future growth), offering an estimated savings 10 fewer K-8 sections over 5 years and 18 fewer over 10 years. Another option is to implement gradually for 4-8 only, offering an estimated savings of 4-5 fewer classrooms over 5 years and 8-9 fewer over 10 years. Difficulty of implementation is

medium due to the importance PSB places on low class size in its overall educational approach, the potential resistance among school stakeholders, and difficulty in predicting/controlling distribution of students across the district and late enrollments. PSB could potentially consider further increasing flexibility in the enrollment and placement process. PSB also highlights potential negative impacts on student outcomes, in particular for higher needs students. Field research to prove/disprove that assertion is mixed.

3. Phase in “catch up” costs and programmatic improvements more slowly: As highlighted above, PSB proposed additional expenditures of $1.47M in FY15 to “catch up” on support and administrative staff positions that have been relatively underfunded as enrollment has increased. It also proposed $1.77M in FY15 of programmatic improvements. PSB could consider phasing in these investments more slowly to make a smaller impact on the annual budget. Time to implementation is short; educational impact is moderate depending on the investment. In the “catch up” category, this task force understands that PSB is furthest behind funding guidance counselor positions. In the programmatic investment category, this task force understands that funding literacy positions is a particularly high priority. However, PSB is still considering how it would phase in these investments if full funding is not available.

4. Scale back HS Tutorial Program: The tutorial program allows BHS teachers in most traditional academic subjects to teach their 5th slot in small tutorial environments with 5:1 student to teacher ratio. The Tutorial program is a non-mandated, non-negotiated program utilizing 16.2 FTEs at BHS. As enrollment and classroom growth pressure the high school, some scaling back of this program is likely necessary and inevitable. Implementing an every-other-year approach for teachers would save almost $600,000 (while helping increase capacity at BHS.) Implementation is medium- to long-term, as PSB would seek to retain staff and implement as BHS enrollments grow. Barriers to implementation are relatively low, as it is outside of collective bargaining.

5. Conduct a review of Elementary World Language Program: In the last override, voters decided to fund the Elementary World Language (EWL) Program. For grades K-6 in FY14, PSB has 14.6 FTE instructional EWL staff at a cost of $939K. As it is at its five year mark, this task force suggests that PSB review the effectiveness of this program prior to considering any significant change.

6. Staff EWL more efficiently: EWL is not administered as a “Special” (like PE, art, music); classroom teachers remain in the classroom with EWL teachers in K-3, adding to the cost of the program. A program review should assess how important that teacher collaboration is. Removing the teacher from the classroom and replacing another special with EWL could create cost efficiencies of approximately $264K per year. While relatively easy to implement, it may encounter stakeholder resistance for reducing specials. Another option is to enable teachers to use the current EWL time block as planning time. Currently, EWL is not a long enough block of time in lower grades for teachers to utilize that block for planning time according the contract. Implementation of that second option is difficult as it would need to be negotiated.

7. Phase in PSB’s technology plan: The initial proposed investment in technology for FY15 is $1.15M. This task force suggests that PSB consider phasing in the implementation of the plan more slowly. In addition to cost benefits, barriers to slower implementation are low and it could result in a stronger outcome. Teachers and administrators would discuss and set goals for classroom formats in advance of finalizing a technology plan in order to ensure a coherent approach for students. Getting that right will take planning but also experimentation. One option for phasing in is as follows:

- 100% Network Infrastructure in accordance with the technology plan's schedule
- Device hardware for grades 6-8 and 9-12 in accordance with the PSB technology plan's schedule; for grades 4-5 with a one-year delay in order to facilitate a learning process within the schools; and for grades K-3 with a two-year delay in order to facilitate a learning process within the schools. That said, it is important to analyze more deeply whether after three years 2400 devices or fewer are necessary, given the concerns raised by members of the broader OSC about the potential for bring-your-own-device

8. Potential elimination of computer labs: Implemented in conjunction with PSB's technology proposal, it could free up 6 classrooms across the K-8 system, reducing capital investments in additional classrooms. Further analysis is required to identify whether the labs can be used as classroom space, and a review of the Baker and Lawrence schools to understand whether labs were removed to create additional classroom space. Finally, as a space consideration, it is worth understanding whether the library can also serve the function of the lab. Barriers to implementation are low.

9. Identify additional savings in the technology proposal: Neither PSB nor the task force discussed the elimination of staff positions through the implementation of the technology plan. That said, the task force notes that national models for district schools implementing technology in the classroom, such as Mooresville, NC, have matched high and improving student performance with budgetary savings. Additionally, further assessment is needed to determine if the entire technology staffing plan proposed by PSB is required.

Summary Findings from the Population and Special Education Task Force

1. Consolidation/reduction of Early Education Programs: Consider ending the early education program run by Recreation at Soule, reclaiming space at Baldwin (see below) and moving early education classrooms currently in the elementary schools into those buildings. The extended day space at Rec headquarters on Elliott Street might also be used during the day for early education. This could move about 105 children (and more if Elliott is included) out of elementary classroom space. If a permanent solution this could save on expansion costs or reduce expenses for outside rent. Also consider whether current 2:1 ratio of typically developing to special needs has flexibility. Short time for implementation (at most school year). Barriers include internal politics, objections from Soule parents. Impact moderate to high given space needs and outside rent savings.

2. Increase rates for BEEP: Consideration should be given to BEEP pricing levels. BEEP should be priced as a premium program in each time slot it offers and some BEEP time slots appear to be priced under the market. However, when taken as full-day options, BEEP may already be priced as a premium program but full-day usage is unknown. Whether there is additional room to substantially increase rates is a function of demand for specific time slots, price elasticity of families looking at BEEP and alternative options. BEEP might consider reducing the number of options and/or requiring minimum hours per week for enrollees. While economic opportunity cannot be fully estimated without firm enrollment data for each time slot, just looking at BEEP Pre-K programs, where demand appears to be greatest and where students go 21.25 hours per week, would suggest a possible revenue opportunity ranging from $230,000 to $614,000 (before consideration of scholarships). Range reflects average rates ($13.56 per hour) for comparable programs at the low end and highest comparable rate ($16.60 per hour) at the high end. BEEP current pricing is $11.71 per hour (before FY2014 projected increase, as are all comparable

rates). Short implementation period. Barriers low, consumer impact unknown. Economic impact moderate to high.

3. Reduction of Materials Fee Program: Currently open to all Brookline employees and a driver of costs for space and staff. Consideration should be given to changing which, if any, employees should be eligible for benefit. Consideration should be given to offering program only for typically developing children. Consideration should be given to whether fees can be increased at all (explore feasibility of charging state inter-district rate of $5,000). Savings per child estimated to approximate $16,300 by a 'top-down' multi-regression model ($13,310 net of revenue and Chapter 70 aid) and $9,800 by a short-run 'bottom-up' model ($6,800 net of revenue and Chapter 70 aid), both before special needs costs. Potential elimination of [5] classrooms by 2019 if entirely eliminated for students entering Kindergarten. Supposed to be offered on a 'space available' basis. Short implementation. Barriers are school philosophy. Unknown impact on employee relations, recruiting or retention. Impact possibly high over time through reduced demand.

4. Reduction of METCO Program: Currently target population of 300 students. Driver of costs for space and staff. Consideration should be given to reducing target population. This could create a near-term hiatus in enrollment and offer a potential opportunity to influence state to increase funding, which has declined in real terms. Savings per child estimated to approximate $16,300 by a 'top-down' multi-regression model ($12,300 net of tuition and Chapter 70 aid) and $9,800 by a short-run 'bottom-up' model ($5,800 net of tuition and Chapter 70 aid), both before special needs costs. Potential elimination of [5] classrooms by 2019 with extended hiatus. Short implementation. Barriers to total elimination very high and include political will and school community support. Barriers to target reduction or temporary hiatus not known but possibly very high. Impact possibly high over time through reduced demand, pressure on state to increase funding.

5. Extended Day: Not part of PSB though PSB buildings are used rent free by operators. Consideration should be given to charging rent to operators. Consideration should be given to bidding out program to the market to obtain best pricing and single-user efficiencies. Consideration should be given to seeing if Recreation Department might have interest in running the program. Though revenue indeterminate without understanding actual classroom and common area square footage usage, using Brookline's rent cost at Kehillath Israel as a comparable, charge would be at least $24,500 per school, or $196,000 per year (excludes BEEP extended day). Implementation short. Barriers are political will and stakeholder resistance. Impact moderate.

6. Baldwin: Building provided rent free to an early education program run by teachers for, primarily, children of teachers (mostly though not exclusively infants). Consideration should be given to reclaiming space for BEEP (room for at least 33 students). Charging for space if not reclaimed should also be considered. Implementation short. Barriers are school philosophy. Unknown impact on employee relations, recruiting and retention. Impact low to high (rent versus absorption with Soule).

7. Adult Education: Consideration should be given to whether adult education should remain as part of the PSB or whether consolidation with Rec would be more efficient and provide greater alignment with missions of each entity. There could be personnel, transaction fee and technology efficiencies. Implementation short. Barriers low. Impact unknown but possibly moderate through efficiencies and personnel reduction.

8. Full Day Kindergarten: Full day option for fewer than five days could be considered as a current cost savings option without losing any Chapter 70 Aid. Implementation short to medium. Reducing number of days may have barrier of stakeholder resistance. Economic savings of 6%-9% on teacher costs, 12%-18% on aide costs. Dollar savings moderate, approximately $230,000-$345,000. Future consideration should be given to whether a fee-based full day kindergarten program would have utility. Best strategy is to consider after full Chapter 70 funding threshold is reached. Current barriers to charging are high given lack of economic utility. Impact currently low for charging.

9. Other: Future analysis should explore maximization of revenue from gym space at schools. Some estimates indicate revenue opportunities exceeding $200,000 annually. Implementation short. Barriers are effective implementation. Impact moderate.

10. Legislative: Task force will recommend that the PSB continue to prioritize a legislative agenda that includes additional funding for METCO and relief for certain medical and transportation costs arising from mandates to service the special needs population.

11. Special Needs Population: State mandated with little flexibility for service levels. Trend in Brookline toward stabilizing growth of program costs. Philosophy of bringing population in-house wherever possible via district-wide programs. Three examples demonstrate operating cost lower than outsourcing even after circuit breaker. Space savings not factored in analysis. Non-economic considerations may outweigh space savings if outsourced.

12. Additional Observations and Conclusions from the Population and Special Education Task Force: There are substantial costs per student--$16,331 by one model--added above the FY14 baseline. To the extent that the projected growth in Brookline students attending the Brookline schools can be offset by reductions in non-Brookline populations, the net increase in annual operating costs can be reduced by this amount applied on a per-student basis. Because Brookline has been and will continue experiencing persistent and ongoing growth in student population, the use of a long run incremental cost on a per-student basis is the appropriate means for assessing the economic impact of that growth as well as the potential economic savings available through adoption of policies that can offset a significant portion of that growth. This task force believes an estimate such as the one above should be used in any projections for changes to the school population relating to costs. This task force also believes that consideration should be given to making school assignments as late as possible. This would increase the likelihood that efficiencies in placement would be achieved.

School Program Task Force: Analyses of cost savings or revenue generation

WIP

Options analyzed	Cost implications	Time to implement	Barriers to implement	Other potential implications
1a. Compensation increases	$$$$	Short	Difficult – subject to negotiation	Teacher recruitment / retention
1b. Share of Healthcare benefits	$$$$	Medium	Medium – subject to negotiation	Teacher recruitment / retention
2. Class size increases	$$$$	Medium	Medium	Uncertain educational outcomes
3a. Phased "catch up" costs	$$$	Short	Relatively easy	Select areas are high priority
3b. Phased program enhancements	$$	Short	Relatively easy	Select areas are high priority
4. Reduced HS Tutorial Program	$$-$$$	Medium-Long	Relatively easy	HS teacher retention
5-6. Elem. World Language efficiencies	$	Short	Easy – Difficult depending on how implemented	Possibly reduce "specials"
7-9. Phased or reduced tech plan	$$$	Short	Relatively easy	Benefit to "learn as you go"

Population and Special Education Task Force: Analyses of cost savings or revenue generation

WIP

Options analyzed	Cost/Revenue implications	Time to implement	Barriers to implement	Other potential implications
1. Early Ed. consolidation	$$$-$$$$	Short	Medium	Reduction of Soule program
2. BEEP rate increase	$$-$$$	Short	Relatively easy	Higher cost to families
3. Materials fee reduction	$$$$	Medium	Medium	Staff recruitment/ retention
4. METCO reduction	$$$$	Medium	Difficult	METCO program benefits
5. Extended Day rent/bid to market	$$	Short	Medium	Change of provider
6. Baldwin rent/reclaim	$$$-$$$$ (with #1)	Short	Medium	Staff recruitment/ retention
7. Adult Education	$$	Short-Medium	Medium	-
8. Kindergarten reduction	$$	Short-Medium	Medium	2-3 shorter days
9. Other revenue sources	$$	Short	TBD	Additional funding
10. Legislative agenda	$$$-$$$$	Long	Difficult	Additional funding

Town of Brookline Override Study Committee
Municipal Services Subcommittee
Preliminary Report Summary - January 15, 2014

I. Department of Public Works

a. Solid Waste Contract - RFP has been issued. A new contract could include both curbside pickup and disposal.
b. Street Sweeping - Staffing and frequency have been reduced since 2010
c. Parks and Grounds Maintenance
    i. Reduction concerns: "Shabbification," safety, inadequate athletic fields
    ii. Outsourcing of park maintenance - potential annual savings of $73,000
    iii. Outsourcing of grass cutting – potential annual savings of $45,000
d. Fleet/Equipment Maintenance
    i. Leanly staffed
    ii. 2007 bid revealed concerns about ability of contractor to perform the work
    iii. Consolidation with Fire Department Maintenance is logistically difficult

II. Fire Department

a. Spending and Staffing – By most measures, Brookline Fire Department spending and staffing is high.
b. Minimum Manning
    i. 4 firefighters per vehicle (FPV) versus 3 FPV
        1. Some national standards call for 4 FPV.
        2. Vast majority of Massachusetts municipalities have 3 FPV.
        3. 2010 Matrix report indicates no significant effect to response time if Brookline changed to 3 FPV.
        4. Changing to 3 FPV could save $2.9 million per year
        5. Chief Ford believes a 3 FPV policy would significantly reduce public safety.
c. Aging Workforce – Staffing reductions could be achieved through retirement and attrition.
d. Engines and Ladder Trucks – Reducing vehicles by 1 could save $1.7 million per year without adversely affecting response time.
e. Fire Department Response to Non-fire Emergencies –Approximately 59% of the emergency calls that the Fire Department responds to are non-fire events.

III. Police Department

a. Staffing – staffing reductions recommended in 2009 Efficiency Study have been implemented. Further reductions would likely affect non-patrol divisions.
b. Details
    i. FY2012 – Town spent $910,598 on details for town projects.
    ii. FY2013 – Town spent $827,790 on details for town project.

IV. Library

a. Reduced Operating Hours
b. Books and Materials – Annual expenditure is approximately $500,000
c. Putterham Branch – Closure could result in savings, but loss of services would be significant.

V. Health and Human Services

a. Brookline Community Health Center – Receives $168,000 grant from the Town
b. Community Health Service – Elimination could yield annual savings of $37,000.
c. Day Care Center Inspections – Elimination could yield annual savings of $25,000.

VI. Recreation – Improved cost recovery would decrease Town subsidy.

VII. Building Department

a. Reevaluate Efficiency Study Recommendations
    i. Reduction of staff by 1 clerical or inspector
    ii. Review need for both a Deputy Commissioner and Plans Review Inspector

VIII. Information Technology

a. Coordination with School Educational Technology division could result in efficiencies.
b. Technology training could lead to expanded services and/or allow for staff reductions.
c. Help desk
    i. Reconsider outsourcing

IX. General

a. Broad based reductions
    i. Provides Department Heads with flexibility
    ii. Operational feasibility is a concern
b. Maximum Annual Increases
    i. Tied to a flat percentage or the Consumer Price Index
    ii. Could be problematic for certain non-routine but necessary expenditures (i.e., capital equipment purchases)
c. Leave Policies
    i. evaluate whether amount and type of leave provided is appropriate
    ii. subject to collective bargaining
d. Overtime
    i. Evaluate 4 hour minimum policy
    ii. Subject to collective bargaining
e. Staffing
    i. Evaluate possible restrictions on hiring (i.e. hiring freeze, no new net hiring policy, etc.)