

Name of Committee: **Town of Brookline Fiscal Advisory Committee**

Meeting Date: September 4, 2019 Time: 6:00 p.m.

Meeting Location: Town Hall, Room 103

Members Present:

Attendees indicated by x			
David Kirshner, Committee Chair	x	Carol Levin	x
Peter von Bleyleben	x	Paul Saner	x
Cliff Brown	x	Jeff Rudolph	x
Nathan Shpritz	x	Nancy Daly	
Mike Toffel		Mini Kolluri	x
Arthur Segel	x	Ben Franco, Select Board Liaison	x
David Pearlman, School Committee Liaison	x		

Staff Present: Sara Gooding, Building Department.

Other Attendants: Sharon Abramowitz, School Committee; Susan Wolf-Ditkoff, School Committee; John VanScoyoc, citizen; Mark Gray, citizen; Ben Luxenberg, citizen; Alex von Bleyleben, citizen.

Susan Wolf-Ditkoff called in at 6:05 p.m.

The meeting was brought to order at 6:06 p.m.

David Kirshner stated this evening the Committee would work to formulate some recommendations for the final report due to the Select Board before the end of the year.

### **1. Topic: Approval of meeting minutes of BFAC 8/21/19 Meeting**

David Kirshner asked for deferral of the approval of the minutes from the August 21<sup>st</sup> meeting to the next meeting.

### **2. Topic: Meeting Objectives – School Department meeting update**

Mr. Kirshner stated he and Mr. Brown met with Ben Lummis (Interim School Superintendent) and Mary Ellen Normen (Deputy Superintendent for Admin & Finance) regarding BFAC's work and the engagement needed from the School department. Both were very engaged and interested in providing input to the Committee to work towards an improved partnership and budgeting between the Town and Schools. David Kirshner added that Ms. Normen has a wealth of knowledge and extensive budgeting background from other communities. It was stated the

consolidated BFAC final report will be reviewed prior to final Select Board presentation with Ben Lummis and School Committee staff. Cliff Brown agreed this was a very productive meeting with School administration.

### **3. Topic: Town and School Budget Principles and Financial Policies: In Depth Review Broad Based Capital Expenditure Plan**

The primary goal of BFAC's proposed financial governance policy #4: Broad Based CapEx Plan is to ensure coordinated long-term planning and appropriate capital cost management. The Town and School should meet regularly to update 10-year CIP fund plans. This should include a broad range of opportunities to improve the quality and efficiency of a variety of Town Departments and School activities based on pre-determined criteria.

Carol Levin reviewed the findings of the BFAC sub-committee focused on Capital Expenditure Planning. Ms. Levin stated the sub-committee identified issues with the current Capital Improvements Program process. The sub-committee found that the current CIP process functions primarily as a budgeting exercise rather than a long term planning tool. She added that the sub-committee determined that capital projects appear to be planned independently of one another without a Town wide analytical, criteria-based framework to evaluate and determine funding. The sub-committee identified a lack of transparency to the rationalization and prioritization of Town-School projects and distribution of CIP funds.

Ms. Levin reviewed the areas of highest concern to the sub-committee:

- Absence of a clear analytical framework; need to define "needs" from "wants"
- No overall CFO making or guiding CIP decisions
- Town Meeting; Select Board; Advisory Committee and variety of sub-committee charged with fiduciary oversight – no central decision maker
- No process to regularly review Town physical assets for continued functionality and utility as a high priority focus of funds for new capital improvements.

Carol Levin stated the sub-committee determined it would be useful to require the use of data and data analysis as part of the budget planning process. A discussion took place regarding the findings of the CapEx sub-committee.

Susan Wolf-Ditkoff entered the meeting at 6:17 pm

The BFAC reviewed the list recommendations suggested by the sub-committee: defined as New Capital Planning Process:

- Create a capital planning "Leader" in either the Select Board or Town Administration to allow for increased integrated executive function. This "leader" would ensure consistent, criteria based evaluation procedure for all Town and School capital project funding determination.

- When and where appropriate, enforce a requirement financial rigor driven by a focus on increasing program income, growing the tax base and maximizing public-private leverage
- Create a rolling 5-year strategic capital plan – to include and address non-financial priorities: education needs neighborhood safety, economic opportunity and service quality. Paul Saner suggested the 5-year strategic plan be extended to include a broad 10 year strategic plan. Mr. Saner that both the 5 year and 10 year plans should be re-evaluated annually and given the flexibility to change over time if needed.
- Identify any and all opportunities to expand non-Town funding; advocate for resources form the community, State and Federal governments.
- Provide public leadership for communication and public understanding of Brookline’s investment priorities and CIP funding needs. Lead transparent discussion on current and future costs to the Town and benefits expected with investment.
- Develop analytic framework to evaluate and rank all capital investments.

A discussion took place regarding the leadership recommendations. The BFAC acknowledged that clear criteria must be specified to provide transparent prioritization guidelines. Cliff Brown suggested that defined leadership and specific criteria would allow for guidance/assistance within the Town-School infrastructure to ensure equal application process across all Departments when requesting CIP funds. Nathan Shpritz stated clear vocabulary to describe how the capital expenditure process operates is necessary to differentiate between needs and wants. Mr. Shpritz added that a common framework and vocabulary would enhance how each capital project is discussed and addressed.

Mr. Kirshner stated it may not be within the BFAC charge to establish specific CIP criteria line items for a municipality, but the recommendation from BFAC to the Select Board should be that these criteria must be established. The BFAC discussed reference from other municipalities as a starting point to develop these CIP criteria, specifically the Lexington model Town-School partnership. The BFAC committee discussed the process used by the Town of Brookline to identify and move initiatives forward through Town Meeting process, department boards and sub-committees: included in this discussion as examples were the need for increased auditory pedestrian signals at cross-walks and fossil fuel free initiatives.

Cliff Brown stated that it may be useful to require projected financial impact and cost to the Town when warrant articles are reviewed prior to Town Meeting vote. Carol Levin stated that increased transparency, explicit CIP criteria and additional oversight from new leadership will all assist this. Ben Franco stated that the vast majority of CIP projects within the budget have all been vetted and reviewed and identified as projects that need to be move forward for the functioning of Town-School departments. A discussion took place with the BFAC regarding the current CIP application process. Ben Franco stated the needs assessment document drafted approximately three years ago by the Town Administration after extensive department head interview would be a useful reference to review. The BFAC discussed the incorporation of these surveys/studies defined as needs assessment reports into the CIP/planning process. The BFAC committee agreed that a uniform check list/criteria list would be useful to establish the

importance of each departmental need for example: Is this a safety need? ADA requirement? Environmental impact need? Improve quality of life? Educational Programming requirement?

The Committee discussed removing items from the CIP that cost less than \$100,000 or do not hold long term improvement value to Town-School departments. The Committee reviewed the difference between expensing repair needs and capitalizing long term building improvements. Susan Wolf Ditkoff stated that the School Department has had to prioritize funds over the last decade on classroom expansion; not the capital needs/maintenance of the buildings and long term planning. There has not been long term reconceptualization because the immediate space needs and building needs have been immediate. Susan Wolf Ditkoff suggested that new framework and criteria for CIP requests could be drafted and then used to assess the last 3 years of CIP fund allocations. This would allow both the Town-School departments to review the CIP decisions that would have been made with the “test” criteria compared with the three year history and show if these criteria could be used as a helpful barometer and tool for CIP needs.

David Kirshner asked if it will be imperative to identify additional opportunities for non-town funding? The BFAC committee suggested that the Town-School financial model should have clearly outlined all available sources of funds and uses of capital funds. Nathan Shpritz stated there does not appear to be outside funds available in the forecast at this time. This does not mean they aren't available. A discussion took place regarding the external funds/grants/sources outside of the Town funds available to different departments and how to work that into the budget/line items for forecasting.

Carol Levin stated the sub-committee found that leadership has to improve communication and consistency within the Town-School partnership and with the citizens. The Town's story-telling/community engagement process is not clearly understood. There needs to be increased dialogue to express the importance of educational needs, increasing safety of neighborhoods, and improving infrastructure. David Kirshner stated a clearly defined communication plan would enhance the Select Board's ability to do their job and work with the community. The Committee agreed a part of communication should include override education, including past success and failures and future expected needs.

The Committee discussed a variety of leadership options for CIP planning and driving the Town-School partnership including: a CFO figure/Town Employee, Select Board members, a specific elected official, or an independent contractor.

#### **4. Topic: Financial Improvement Plan Follow up: Discussion of Lexington Financial Summit Approach**

Cliff Brown reviewed the suggested guiding principles for the select board and school committee:

- Adherence by both Town-Schools to joint 5 year financial plan
- Financial policies for Town and School budgets must be consistent and symmetrical
- Overrides are a last resort

- No new non-mandated programs will be added during a time of “structural deficit”
- Advisory Committee should be separated into Finance Committee and Resolution/Warrant article Committee
- Resolutions will not be treated as requirements; warrant articles will require financial analysis including costs, benefits and opportunity costs
- Brookline seeks to provide high quality essential public safety and education services at the most efficient cost
- All departments are required to present financial analysis for all new initiatives

The Committee discussed the suggested guiding principles for the Select Board and School Committee. Mr. Brown stated that the Lexington model has a budget process involving regular quarterly meetings with the entire School Committee, Select Board, Town Administration, Superintendent, Deputy Superintendents and Advisory Committee members. These meetings include data review and analytics of the last 10 years and the future. The CIP and budget needs are evaluated based on 12 different criteria and then prioritized. The Town-School budget process is done as a group which allows for common perspective and common goal. Cliff Brown added guiding principles, similar to those used by Lexington, can lead to a successful and harmonious Town/School partnership. The Committee discussed the need to allow for experimentation and creativity within the budget. Carol Levin suggested a line item for experimental projects can be built into the budget. Paul Saner commended Cliff’s draft summary of the 8 guiding principles for Town-School partnership.

Sharon Abramowitz School Committee member stated there is a fundamental difference in decision making between the Town and Schools. The direction of the school’s in each Town is determined by the local School Committee. School decision making is different than the Town Departments and separate from local and federal government. Ms. Abramowitz added that the quality of the school system itself is an actual investment in the Town. Mr. Kirshner emphasized that these guiding principles are a rough draft and the feedback from the School Committee is necessary. Susan Wolf Ditkoff stated the entire school committee would have to review these principles and develop feedback. David Pearlman stated that the Town and Schools will benefit to develop a system that will allow for highly functioning partnership to reach common goals. The BFAC Committee agreed that further discussion with the School Committee will be necessary to draft the specific language for the Town-School partnership guiding principles.

**5. Topic: Suggested Actions that Address Misalignment between projected revenues and expenses. Approach to identifying “improvement plans”**

David Kirshner stated the financial statement audit firm Powers & Sullivan has been doing the audit work and been engaged with the Town for many years. BFAC’s findings stated there should be a change in firms initiated by the Select Board and School Committee to change the auditing firm providing assurance on the Town-School department books and internal controls.

Ben Franco stated the messaging within the Financial Improvement plan draft is there needs to be a group policy between Town and Schools to get together and work through the budget collectively.

**6. Topic: Roadmap of Next Steps: Upcoming BFAC meetings-the road map was reviewed and discussed.**

Another meeting of BFAC is being held on the calendar for this Monday, September 9<sup>th</sup> to review the Lexington Town-School partnership model. Attendance may be a concern in which case a new date will be found to review these materials. In addition, BFAC will begin a draft report for the Select Board in order to meet the January 2020 deadline. There is a sense of urgency that forward movement should be made. Ben emphasized the need to deliver the BFAC report by early January in light of the new processes and decision making unfolding over the upcoming months.

Susan Wolf Ditkoff emphasized the School Committee has to be involved with making recommendations to ensure they are not “un-implementable”. David Kirshner stated there does need to be a draft of the BFAC report completed by October in order to move forward with transparent information to present at public hearing and be vetted through the School Committee or Finance sub-committee if necessary.

Upcoming dates confirmed: Monday 9/9/19 and Wed 9/18/19. Carol Levin suggested that Advisory sub-committee Chairs would come on Monday to review the Lexington proposal; in addition all School Committee members are invited.

**New business and Public Comment**

With no further business, the meeting was adjourned at 8:14 pm

Minutes respectfully submitted,

Sara Gooding  
Building Department