

<u>Override Targets Compared to Actual Experience</u>			
	<u>Projected</u>	<u>Actual</u>	<u>Variance</u>
Override Funds	\$7,665,000	\$7,665,000	\$0
			\$0
Parking Meter Rates	\$850,000	\$850,000	\$0
Refuse Fee	\$615,000	\$150,000	(\$465,000)
Library Materials Fines	\$20,000	\$0	(\$20,000)
Cemetery Fees	\$16,000	\$25,000	\$9,000
Soule Childcare Rates	\$100,000	\$50,000	(\$50,000)
PILOT/Other	\$50,000	\$225,000	\$175,000
Online credit card fee for MVExcise	\$45,000	\$0	(\$45,000)
Total Town Operating Revenue	\$1,696,000	\$1,300,000	(\$396,000)
School Revenue	\$88,000	\$88,000	\$0
Town Expenditure Reductions	\$513,000	\$130,570	(\$382,430)
<b>Projected Allocation to School</b>	<b>\$9,962,000</b>	<b>\$9,183,570</b>	
<b>Target used for Override</b>	<b>\$9,954,000</b>	<b>\$9,183,570</b>	<b>(\$770,430)</b>

As a starting point in the budget process, the Town Administrator and the School Superintendent are committed to the use of a process referred to as the Town School Partnership. The Partnership uses a formula that essentially splits increases (or decreases) in projected revenue and then makes several adjustments to account for unique or extraordinary expenses. For example, the formula accommodates the extraordinary impact on the Schools from enrollment and special education. The overall increase in the School Department budget for FY 2018, based on the Override Plan as run through the Town School Partnership formula, is \$3,381,529 or 3.3% over FY 2017.

Overall, the assessment of the FY 2018 budget is that “it could be worse”. Just a few weeks ago, it was anticipated that the Town and School departments would be forced to initiate substantial reductions in programs and services due to the lack of budget capacity. Primarily, this was the result of a projected 7.5% increase in employee health insurance costs through the Group Insurance Commission (GIC). But just recently, the GIC announced a series of measures that would reduce the projected rate of increase. As a result, the Town modified its projected increase in health insurance costs down to 5.0%, freeing up \$725,000 in funding capacity that was added back into the formula (final rates will be known in March). In addition, our earlier projection of state aid was increased following Governor Baker’s submission of his budget, allowing for an additional \$185,000 to be included in the formula.

1. Non-Tax Revenues- At stabilization, these fees would raise roughly \$2.31 million per year, and found general consensus among Override Study Committee members:
  - a. *Town Non-tax Revenue*: There is broad support on the committee for increasing parking meter rates to \$1.25 per hour, raising the refuse fee to \$250, increasing library fines by \$.05 for books and \$.25 for DVDs, increasing cemetery rates by 10% and more rapidly increasing to market the fees for the Soule childcare program.
  - b. *School Non-tax Revenue*: There is also broad support for requiring the extended day programs to pay rent for their space, increasing BEEP fees to market over the next several years, imposing rent on the Baldwin School, and for more effectively managing and instituting fees for the use of school facilities at night and on the weekends.
2. Town-side Efficiencies: There is broad support on the committee for reducing the library book budget (offset by an increase in spending out of the library endowment), outsourcing grounds maintenance and switching to toters for trash. In total, these efficiencies, which found general consensus among Override Study Committee members, should save approximately \$560,000 over the projection period.

**A. Revenue Subcommittee**  
**(voted X-Y)**

Brookline's budgetary difficulties may be addressed by increasing property taxes through an override or debt exclusion, reducing costs, which often entails cutting services impacting residents and the schools, and/or by increasing other revenues. The Revenue Subcommittee is charged with addressing the last of these. In a few cases we also propose changes to revenues that would appear as reduced costs in the town's budget.

Perhaps the most important message is that revenues are highly unpredictable. While, as a community, we are somewhat cautious, our projections of property taxes have been within about 5% of the actual figures even five years ahead. On the other hand, our projections of state aid have been fairly consistently optimistic. Free cash is also difficult to predict although Brookline has addressed this by allocating free cash to undertakings for which we have more year-to-year flexibility. Overall, there is a good chance that revenues in FY2018 will be substantially higher than currently projected, but there are plausible scenarios under which it will be lower than projected.

The Revenue Subcommittee believes that all the potential revenue increases identified below should be given consideration. Revenue sources impact constituents differently. Each proposal

ought to be considered not just in isolation but as part of a package. While some revenue increases have not previously been considered, others have been considered but not adopted. Nevertheless, the Revenue Subcommittee believes that they, too, merit serious consideration.

The Subcommittee has identified revenue generation (or spending reduction) options and grouped them into categories. The specific options, and the potential revenues or spending reductions that could be generated by each, calculated as of June 17, 2014, are included in the table captioned "Revenue Subcommittee Override Model." The categories are:

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A. **Easily Implementable Options** – These options require an approval by the Board of Selectmen and/or some other Board/Committee with oversight. While some or all may be considered politically difficult, they are actionable, fair / balanced, and in line with charges in comparable towns and cities. In aggregate, these options can generate revenue (and/or savings) between \$1.8 million and \$3.6 million.<sup>1</sup>

B. **Longer Term Implementable Options** – These options, one of which is the Community Preservation Act,<sup>2</sup> require additional planning or consideration and may require voter approval. These options tend to have greater dollar impact, but also require careful strategic planning. In aggregate, these options can generate revenue between \$ 2.7 million and \$4.4 million.

C. **Hard-to-Forecast Option** – This option has impacts that are hard to quantify at this time but are clearly desirable.

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<sup>1</sup> The estimated figures do not consider the revenue impact from the new solid waste contract approved by the Board of Selectmen in July 2014 and the potential change in solid waste pick-up.

<sup>2</sup> Brookline currently spends or plans to spend an average of \$3 million per year on items eligible for expenditure from funds that are raised through the Community Preservation Act ("CPA"). Since CPA funds are matched in part by the state, paying for these items through a CPA property tax surcharge is less costly to residents and businesses than paying for them through the regular property tax. A 1.5% surcharge with exemptions for the first \$100,000 of property value and for low income and low/moderate income senior housing would raise roughly \$2.4 million. We anticipate a state match of roughly 25%, bringing the total to \$3 million.

Despite the obvious advantage of the state match, there are some disadvantages of using the CPA:

- The determination of spending under the CPA imperfectly parallels the usual process; and
- Because spending on CPA projects is irregular, coordinating the spending with the CIP in order to reduce the magnitude of a debt exclusion will be difficult. Coordinating with the operating budget to provide immediate relief and reduce the magnitude of a general override would require some creativity and notable changes to our capital policies.

Despite these concerns, the Override Study Committee has previously voted to recommend that the Board of Selectmen give consideration to including the CPA in its strategy for addressing the budget shortfall.

D. **School Related Options for Consideration** – These options are related to the School Subcommittee whose members are working on other School Department specific revenue generation options.

**Other Options Meriting Further Investigation** – These options require further research and consideration. Some of these options may be considered radical. However, the Revenue Subcommittee feels that they merit consideration and vetting.

**Early Education and After School Building Use Findings**

1. The Task Force has identified and formally recommended several prospects for revenue enhancement for the PSB and the Town. These opportunities fall broadly into the areas of tuition increases and usage fees for Town and School programs and properties. The task force recognizes that any tuition or user fee increases will impact the affordability of programs for lower income families, some of whom currently receive financial aid. The precise extent to which higher fees might in fact allow for a greater number or higher levels of scholarships is not known.
2. While many of the situations identified by the Task Force have either been targeted or identified already, the Task Force has concluded that both the PSB and the Town can and should be more aggressive with their approach to revenue generation from Brookline Early Education Program, Soule Recreation Center Education Program, after-school gymnasium and public space rentals and charges for use of public buildings by extended-day programs.
3. While there remains substantial additional work to do to finalize financial projections and opportunities, the Task Force believes, at this juncture, that over the next five years, the PSB and the Town could generate substantial income from these ideas over and above what the programs currently generate. Currently this analysis explicitly ignores planned increases by the Schools and the Town for BEEP and Soule and also explicitly ignores likely annual increases for inflation and market competition. It also assumes that the charges for Soule, whether realized by Rec or the PSB, would not violate any rules regarding user fees and cost recoveries. The following table summarizes this opportunity:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Extended Day Rent <sup>3</sup>	\$171,500	\$171,500	\$171,500	\$171,500	\$171,500

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<sup>3</sup> Reflects \$24,500 per program and is approximately \$18 per month for a full-time participant.

Increasing <sup>4</sup> BEEP Fees	\$147,000	\$250,000	\$250,000	\$250,000	\$250,000
Increasing Soule Fees <sup>5</sup>	\$468,722	\$375,902	\$257,054	\$257,054	\$257,054
Baldwin Rent <sup>6</sup>	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
After School Gym and Facilities Usage <sup>7</sup>	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total	\$1,012,500	\$1,022,402	\$903,554	\$903,554	\$903,554

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<sup>4</sup> Assumes a 10% increase per year until market levels are reached

<sup>5</sup> Reflects revenue potential over and above currently scheduled increases at Soule

<sup>6</sup> Reflects rent at \$25,000 per year

<sup>7</sup> Reflects estimate of income available from winter sports only.

**Revenue Subcommittee Override Model**

DRAFT as of June 17, 2014 -  
Amounts Subject to Change

Check One (x)	Annual Impact (in \$000s)	Implementation Factors							
		Time Frame	BOS Approval	Other Approval	Voter Approval	Costs to Achieve	Constituents Impacted	Degree of Change	

**A. Easily Implementable Recommendations**

**Options**

**1 Parking Meters**

a) Do nothing		0							
b) Up to \$1.25/hr.		850	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal
c) Up to \$1.25/hr. (peak hours only)		TBD	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal
d) Up to \$1.50/hr.		1,700	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal
e) Up to \$1.50/hr. (peak hours only)		TBD	FY16	Yes	Trans. Board	No	Minimal	Meter Users	Minimal

**2 Refuse Fees (note a)**

a) Do nothing		0							
b) Increase to \$225		330	FY16	Yes	No	No	None	Users	None
c) Increase to \$250		615	FY16	Yes	No	No	None	Users	None
d) Increase to \$275		900	FY16	Yes	No	No	None	Users	None

**3 Parking Fines**

a) Do nothing		0							
b) Increase fine to state limit		150	FY16	Yes	Trans. Board	No	Some	Violators	None
c) Increase fine & reduce late fee		263	FY16	Yes	Trans. Board	No	Some	Violators	None

**4 Commercial Parking Permits**

a) Do nothing		0							
b) Increase permit fees (low est.)		88	FY16	Yes	Trans. Board	No	Minimal	Biz Users	None
c) Increase permit fees (high est.)		138	FY16	Yes	Trans. Board	No	Minimal	Biz Users	None

**5 Temp Permits fees**

a) Do nothing		0							
b) \$1.00 per day fee		60	FY16	Yes	No	No	Minimal	Biz Users	None

**6 Recreation Department Fees**

a) Do nothing		0							
b) Increase cost recovery to 80%		137	FY16	Yes	Park & Rec	No	Minimal	Users	None
c) Increase cost recovery to 82.5%		271	FY16	Yes	Park & Rec	No	Minimal	Users	None

**7 Credit Card Surcharge**

a) Do nothing		0							
b) Recover cost (Motor Vehicle Ex)		45	FY16	Yes	No	No	Minimal	CC Users	None

**8 Library Fines**

a) Do nothing		0							
b) Inc. 5c (books) & 25c (dvds) (low)		40	FY16	Yes	Lib. Trus.	No	None	Violators	None
c) Inc. 5c (books) & 25c (dvds) (high)		52	FY16	Yes	Lib. Trus.	No	None	Violators	None

**9 Library Trust Fund**

a) Do nothing		0							
b) 4% payout rate (low est)		34	FY16	Yes	Lib. Trus.	No	None	Fund	Minimum
c) 5% payout rate (high est)		79	FY16	Yes	Lib. Trus.	No	None	Fund	Minimum

**10 Cemetery Perpetual Care Fund**

a) Do nothing		0							
b) Modify 50/50 split to 75/25		21	FY16	Yes	Cem. Trus.	No	None	Fund	Minimum
c) Modify 50/50 split to 100/0		42	FY16	Yes	Cem. Trus.	No	None	Fund	Minimum

**11 Cemetery Rates (eff. July 2013)**

a) Do nothing		0							
b) Increase rates by 10%		16	FY16	Yes	Cem. Trus.	No	None	Users	Minimum
c) Increase rates by 20%		31	FY16	Yes	Cem. Trus.	No	None	Users	Minimum

Subtotal (Easily Implementable)           -

Note a: The revenue impact figures do not consider the impact from the new solid waste contract approved by the Board of Selectmen in July 2014 and the potential change in solid waste pick-up.

**Revenue Subcommittee Override Model**

DRAFT as of June 17, 2014 -  
Amounts Subject to Change

Check One (x)	Annual Impact (in \$000s)	Implementation Factors						
		Time Frame	BOS Approval	Other Approval	Voter Approval	Costs to Achieve	Constituents Impacted	Degree of Change

**B. Longer Term Implementable Recommendations**

**12 Community Preservation Act**

a) Do nothing		0								
b) 25% state match @ 1.0%		1,900	FY16	Yes	No	Yes	Some	All Owners	Tax Increase	
c) 50% state match @ 1.0%		2,300	FY16	Yes	No	Yes	Some	All Owners	Tax Increase	
d) 25% state match @ 1.5%		2,900	FY16	Yes	No	Yes	Some	All Owners	Tax Increase	
e) 50% state match @ 1.5%		3,400	FY16	Yes	No	Yes	Some	All Owners	Tax Increase	

**13 Real Estate Transfer Tax**

a) Do nothing		0							
b) Tax at 0.1% of Sales Price		800	FY17	Yes	Yes (State)	No	Some	R/E Trans.	Tax Increase
c) Tax at 0.2% of Sales Price		1,500	FY17	Yes	Yes (State)	No	Some	R/E Trans.	Tax Increase

Subtotal (Longer Term Implementable) -

**C. Hard-to-Forecast Recommendations**

**14 Payment-in-Lieu of Taxes**

a) Do nothing		0							
b) Establish new PILOTS (low)		500	FY16	No	No	No	Some	Non-Profits	Tax Increase
c) Establish new PILOTS (high)		1,000	FY16	No	No	No	Some	Non-Profits	Tax Increase

Subtotal (Hard-to-Forecast) -

**D. School Related Options for Consideration**

- Recover additional Program Costs (BEEP, etc.) by increasing fees
- Partner with Corporate Sponsors (lower expenditures on supplies)
- Leverage Donation from Alumni of Brookline Schools (generate financial support)
- Establish Capital Campaigns for Schools (generate financial support)

**E. Other Options Meriting Further Investigation**

- Establish Naming Opportunities (adopt park, adopt space, etc.)
- Revisit Municipal Impact Fees (new construction / renovation fees)
- Adopt 40R and 40S
- Advocate for increased state aid (e.g., Chapter 70 Funding)
- Consider eminent domain for certain properties (esp. for not for profits)
- Recommend additional zoning changes to facilitate commercial development
- Consider leasing rooftop for photovoltaic related income
- Consider selling Town assets or leasing space
- Consider charging child-care organizations for use of outdoor space
- Establish additional tax rate for medical marijuana dispensaries

Total Impact (All Recommendations) -