BROOKLINE FISCAL ADVISORY COMMITTEE

FINAL REPORT

February 5, 2020 – Final Version

Brookline Fiscal Advisory Committee[1]

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- David Pearlman - School Committee Liaison

The members of BFAC volunteered their time and expertise with a commitment to preserving and enhancing the future of Brookline. BFAC members' complementary professional and academic backgrounds, skill sets, and varying levels of involvement with both the Town and Public Schools of Brookline ensured that our work was characterized by lively debates and challenges to one another's positions. We believe that our efforts will assist Town decision-makers, both elected and appointed, in meeting the very difficult challenges that lie ahead.

[1]See Appendix B for summary biographies.

Contents

INTRODUCTION 1

About Terminology and Definitions **1**

EXECUTIVE SUMMARY 2

Maintain Our AAA Bond Rating **3**

Improve Our Financial Decision Making **5**

Recognize That We Are Pushing the Capabilities of the Town's Current Governance Model **7**

Resources to Implement BFAC Recommendations **8**

Charge to the Committee **9**

Summary Recommendations **9**

FINDINGS OVERVIEW 15

The Operating Deficit – Understanding the Challenge 15
Capped Tax-Based Revenues and Our Schools 16
Underfunding Past Retirement Benefit Obligations 16
The Town's Balance Sheet and Financial Health Are Deteriorating 17
An Independent Assessment – The Importance of Ratings Agencies' Ratings 18

APPROACH 24

FINDINGS AND DETAILED RECOMMENDATIONS 26

Financial Policies and Processes **26**
Recommendation 1 27
Recommendation 2 27
Recommendation 3 28
Recommendation 4 29
Recommendation 5 30
Recommendation 6 31
Recommendation 7 32

Town-School Partnership **33**
Recommendation 8 33

Capital Investments **35**
Recommendation 9 35

Financial Improvement Plans **40**
Recommendations 10 and 11 40

Expanded Economic Development **42**
Recommendation 12 42

Reserves **45**
Recommendation 13 45

Debt and Debt Service **49**
Recommendation 14 49

Taxes, Overrides, and Capacity to Pay **56**
Recommendation 15 56

Financial Modeling **57**
Recommendations 16 and 17 57

Resources **59**

Communication and Education **62**
Recommendation 18 62

Next Steps: The BFAC Implementation Plan **62**

CONCLUSION 64
Proposed Financial Governance Policies 64

Appendices **66**

APPENDIX A: GLOSSARY OF TERMS 67

APPENDIX B: BROOKLINE FISCAL ADVISORY COMMITTEE 74

Brookline Fiscal Advisory Committee Charge **74**

Brookline Fiscal Advisory Committee Members **77**

APPENDIX C: RESOURCES AND ADVISORS 82

APPENDIX D: PUBLIC HEARING & DECEMBER 8, 2019, DRAFT REPORT FEEDBACK 84

APPENDIX E: FINANCIAL GOVERNANCE 96

The Top 10 Management Characteristics of Highly Rated State and Local Borrowers **96**

Proposed Financial Governance Policies **96**

APPENDIX F: MOODY'S SCORECARD FY 2019 99

APPENDIX G: ANALYSIS OF COMMERCIAL DEVELOPMENT NEEDED TO SUPPORT DEBT ON A NEW SCHOOL 100

APPENDIX H: PERFORMANCE MANAGEMENT METRICS 103

Examples **103**

Resources **103**

APPENDIX I: ZERO-BASED AND OUTCOME-BASED BUDGETING 104

APPENDIX J: FINANCIAL IMPROVEMENT PLAN 105

Responses to Facebook Survey 11/30/19 TO 12/7/19 **105**

Financial Improvement Plan Templates **113**

APPENDIX K: BFAC IMPLEMENTATION PLAN 121

APPENDIX L: FISCAL IMPACT OF 2019 TOWN MEETING ACTIONS 126

APPENDIX M: ANALYSIS OF SELECT WARRANT ARTICLES 127

Introduction

It has been our honor and privilege to serve the Town of Brookline (Brookline, or the Town) and be tasked with the important job of reviewing the fiscal health of the Town, and specifically how to address the misalignment between projected revenues and expenditures. The Brookline Fiscal Advisory Committee (BFAC, or the Committee) builds on the work of previous such committees, particularly the 2004 and 2011 Fiscal Policy Review Committees as well as the Override Study Committees of 2008, 2014, and 2018.

The challenge currently facing the Town is how to maintain and, in certain areas, expand the high level of public services for which Brookline is known, while facing a structural deficit.

BFAC's recommendations focus on processes, policies, planning, and metrics. We are suggesting both new and modified approaches to conducting the financial business of the Town. Making the suggested changes will require political leadership, education, and a willingness of all stakeholders in the Town and Public Schools of Brookline (Schools, or PSB) to embrace a data-driven operating discipline. We encourage all elected officials and residents to unite behind the recommendations presented in this report as a means of attaining a sustainable financial future for the Town of Brookline.

About Terminology and Definitions

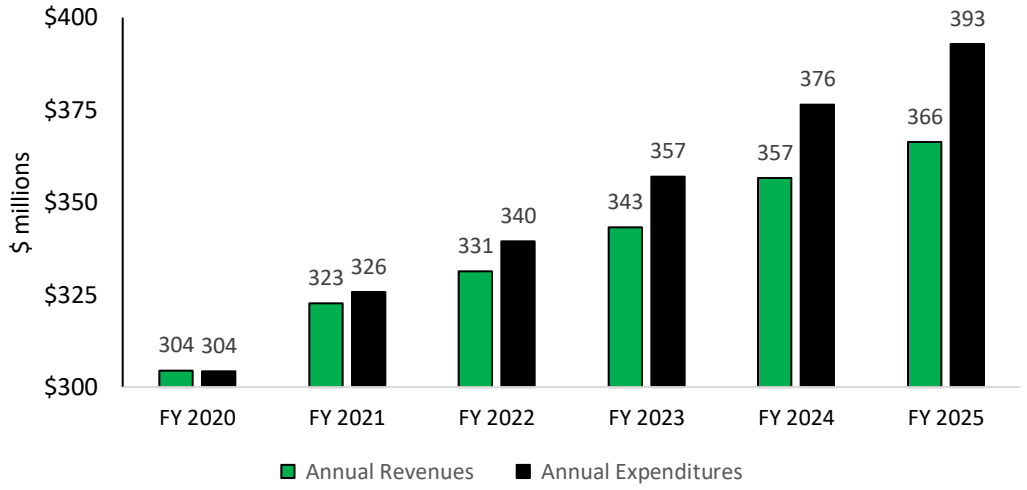
A challenge for the committee in both understanding the data with which it was presented and reconciling information from different sources, was inconsistencies in terminology and definitions among the credit agencies, the Town's auditors, and Brookline's Annual Budget Book. In general, the credit agencies' and auditor's terms and definitions were fairly congruent, and the greatest differences were between the Town's Annual Budget Book and the other entities. BFAC discovered that these inconsistencies are also creating obstacles for the Town in the tracking and compliance with its various fiscal policies. Terms and definitions contained in this report are detailed in Appendix A, while alternative terminology is noted by footnote in the body of the report.

Executive Summary

The Town of Brookline has a serious financial problem. Inadequate control over expenditures is jeopardizing the Town's ability to maintain, much less expand, existing levels of municipal services. The problem is getting worse.

Chart 1[2]

Brookline forecasted revenues and expenses reveal an increasing projected operating deficit in the business-as-usual scenario



The Select Board charged the Brookline Fiscal Advisory Committee to make observations and recommendations on sustainable ways the Town could address this structural problem before it becomes a crisis. BFAC was asked to look at opportunities to strengthen fiscal policies and define how to improve financial decision making.

BFAC was also asked to identify specific revenue opportunities to close this "structural deficit." However, BFAC was concurrently told not to examine cost reduction opportunities that could also help alleviate the problem. This unbalanced approach to addressing our financial challenges needs to be changed. We believe there exists a perception that meaningful cost reduction is politically impossible. This belief leads to a general reluctance to examine costs, resource redeployment choices, and expenditures made outside the context of the annual budget process. At the same time, we see an adherence to the belief that debt exclusions, operating overrides, fee increases, and

[2] FY 2021–FY2025 Long Range Financial Plan, presented by Melissa Goff, Deputy Town Administrator, on December 17, 2019, to the Select Board.

continued positive economic conditions will be sufficient to resolve the situation. The continued embrace of both of these views is problematic.

The recommendations presented below require an immediate commitment to obtaining resources, particularly human resources. BFAC understands that in this time of projected operating deficits, the suggestion that the Town and Schools increase Finance staff may appear counter-intuitive or even tone-deaf. We disagree. Without dedicated resources the matters discussed herein will not be addressed. If they are not addressed, the ultimate pain will be worse.[3] Kicking the can down the road is never a good approach. The Select Board, School Committee and Town Meeting must make obtaining the resources necessary to implement the BFAC recommendations a priority.

In summary, BFAC developed eighteen recommendations, grouped into four categories:

1. Maintain our AAA bond rating
2. Improve financial decision making
3. Recognize that we are pushing the capabilities of the Town's current governance model
4. Resources to implement BFAC's recommendations

Maintain Our AAA Bond Rating

In the following abridged version of Moody's Investors Service scorecard for Brookline, green is good (AAA), yellow is okay (AA), and pink is problematic (A). The shaded portions of the circles indicate the strength of Brookline's score in the metric for that rating, with unshaded areas representing weakness.

[3] Moving from AAA to AA would cost the Town approximately $2.5 million in present value on a twenty-five-year $100 million borrowing.

Table 1. Moody's Abridged Scorecard 2019

Categories	Credit Factors	Weight	AAA	AA	A	Baa
Economy/Tax Base (30%)	Tax Base Size:Full Value	10%				
	Full Value Per Capita	10%				
	Socioeconomic Indices: MFI	10%				
Finances (30%)	Fund Balance as % of Revenues	10%				
	5-Year Dollar Change in Fund Balance as % of Revenues	5%				
	Cash Balance as % of Revenues	10%				
	5-Year Dollar Change in Cash Balance as % of Revenues	5%				
Debt/Pensions (20%)	Net Direct Debt / Full Value	5%				
	Net Direct Debt / Operating Revenues	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues	5%				
Management. (20%)	Institutional Framework: legal ability to match resources with spending	10%				
	Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	10%				

- Immediately commit to a multi-faceted Financial Improvement Plan (Recommendations 6 and 10) with specific high impact revenue-generating and expense-reduction initiatives. Potential areas of focus for these initiatives and priorities identified by the Select Board include: user fees, parking fees and capacity, payment in lieu of taxes (PILOT) enhancement, and state and federal aid. Defining and publishing performance cost metrics across all departments will be necessary to enable the periodic transparent and objective evaluations of the Town's and School's programs and services (Recommendation 11).

- Using BFAC's "Moody's Scorecard for Brookline" (Recommendation 17) as a policy guide, the Town's leadership must commit to maintaining Brookline's AAA rating. Maintaining the AAA rating will minimize the Town's cost of borrowing and show residents, employees, and vendors that Brookline is committed to financial best practices and to fully meeting its obligations. The success of these efforts will be validated by an independent assessment of the Town's financial condition.

- Prioritize increasing Brookline's minimum rainy day (reserve) fund balances (Recommendation 13) to ensure Unassigned General Fund Balances are adequate to protect the Town's AAA bond rating, employees, and residents.

- Develop a well-defined debt strategy (Recommendation 14) that maintains the Town's AAA rating.

- Create a well-articulated economic development strategy (Recommendation 12). This is among BFAC's highest priority recommendations, as it is included in the S&P's "Top 10 Management Characteristics of Highly Rated State and Local Borrowers."[4] This plan would encourage the development of a mix of general office, medical office, lab, and hotel properties sufficient to generate new tax revenue in the amount necessary to support the debt needed for major capital projects (see Appendix G).

- Brookline has done a better job than some cities of defining a funding strategy for other post-employment benefits (OPEBs), which is the Town's liability relating to Town retiree health insurance costs. BFAC's primary interest is that Brookline continue to follow the established funding strategy and that it periodically evaluate the viability of the benefit.

Improve Our Financial Decision Making

- BFAC's Final Report recommends many ways for the Town and Schools to make better-informed decisions, but implementation will require most senior managers and elected officials to become more financially literate. BFAC's Final Report includes informational graphics and a glossary of terms (Appendix A) that BFAC found extremely useful for understanding the Town's finances. BFAC also suggests

[4] Reprinted in Appendix E.

required financial training sessions for Town Meeting Members (Recommendation 18).

- BFAC recommends prioritizing new resources to create a single integrated Financial Forecast for the Town and Schools (Recommendation 16) that should not only drive the annual budget process, but also provide a multi-year framework to solve projected resource demands, including changes in student enrollment. Our report highlights the need for a specific commitment to better data collection, analysis, forecasting and planning. A more expansive discussion of BFAC's resource recommendations is found on page 7.

- Create an enhanced capital planning process covering the Town and Schools, including regular periodic evaluation of town-owned assets (Recommendation 9).

- The current Town-School Partnership (TSP), while essential to the annual budget process, is still a "black box" because, despite much effort, BFAC struggled to uncover clear explanations and definitions of all of the TSP's elements and their rationale. Its revenue and cost allocations require reexamination and joint deliberation between the staff and elected leaders of the Town and Schools, something that has not been done in almost twenty-five years. The full cost of each Town or School department employee, including their base compensation and fringe benefits, must be clearly understood and accounted for in order to properly understand cost allocations (Recommendation 8).

- Closely connected to the recommendations above is the commitment to a quarterly Financial Summit with representation from all three major leadership bodies: the Select Board, the School Committee, and the Advisory Committee (Recommendation 2). In addition to the annual operating and capital budget, these summits should focus on a deeper understanding for financial improvement and the development of more consistent financial policies among the Town and Schools (Recommendation 1).

- The Select Board members tasked with primary responsibility for the Town's financial, capital investment and economic development affairs (Recommendation 7) shall report annually to the Select Board, Advisory Committee, and Town Meeting on the status of the individual elements of the BFAC Implementation Plan and the annually updated Moody's Scorecard.

- The Town has engaged the same independent audit and accounting firm for twenty years and the same audit partner for well over ten years. A request for proposal (RFP) seeking a change in the audit firm at least every ten years is appropriate and will provide fresh thinking concerning the presentation and communication of the audited financial report as well as monitoring internal adherence to financial controls and policies. Given the longevity of the current auditor, an RFP should be issued in time to conduct the Town's next audit (Recommendation 5).

Recognize That We Are Pushing the Capabilities of the Town's Current Governance Model

- BFAC has observed the Town's challenges in governing itself financially and strategically. Some of our recommendations are only possible through by-law changes, and work toward making these changes should be started on immediately. Nonetheless, BFAC is concerned that the proliferation of warrant articles poses increased demand on the time of Town staff and the Advisory Committee. Further, warrant articles often have budgetary impacts that are not well understood when they are voted on by various committees and by Town Meeting and often trigger an opaque process (rather than transparent discussions) about which other priorities will see reduced funding to compensate. BFAC strongly recommends that the warrant article process be reformed to address these concerns (Recommendation 3).

- As the finance committee for the Town, the Advisory Committee (AC) plays a pivotal role in the governance of the Town. Its charter should require that AC members possess financial sophistication and knowledge of the Town's financial future, beyond warrant article review and evaluation. BFAC recommends a reformulation of the Advisory Committee to ensure that more robust and timely financial recommendations are presented to Town Meeting, the Select Board, and Town and School leadership, in order to foster better-informed and better-aligned decision making (Recommendation 4).

- Developing a realistic plan for periodic capital overrides and operating overrides through stronger integrated financial planning and coordination among the Town

and Schools is a key ingredient for maintaining more predictable tax increases (Recommendation 15).

Resources to Implement BFAC Recommendations

- BFAC has made significant recommendations in the areas of financial planning, management, and control. BFAC has identified improvement opportunities in virtually all financial and budgetary processes of the Town and has recommended more advanced analyses of programs, capital projects, and proposals for legislative action by Town Meeting. BFAC acknowledges the input of the Town Administrator is that current resources are insufficient to meet these increased demands.

- BFAC is particularly focused on ensuring additional management/budget analysts are hired to perform long-term operating and capital budget planning, performance measurement and program evaluation, and development and implementation of the Financial Improvement Plan. These resources can be a combination of new hires, shared existing resources (like collapsing the existing data analytics group into a single unit that supports both the Town and the Schools), reassignment of existing employees to better utilize skills sets, and redeployment of resources as a result of the prioritization of the BFAC recommendations over other existing tasks.

- Consulting expertise may be required to produce more detailed evaluation of the Town's capital assets (e.g., buildings, parks, roads) in order to enable more informed and objective decisions to replace, maintain, and expand such assets.

- More robust and modern technology solutions are needed to produce coordinated and effective financial data and reports that help inform decision making and public engagement. It should be noted that the Town recently began to use new budgeting software as part of its current efforts to develop the Fiscal Year 2021 budget.

- The Town should immediately seek outside independent expertise to a) assist, as needed, in the evaluation and refinement of Financial Improvement Plans, and b) provide independent monitoring of the Town's and School's compliance with Financial Improvement Plans and the BFAC Implementation Plan (Recommendation 11).

- The Town should establish the practice of designating three individual Select Board members as having primary responsibility for a) financial affairs of the Town, b) capital investment plans and activities, and c) economic development activities inclusive of long-range planning and zoning reform, with each Select Board member to monitor, evaluate, and supervise the work of staff with regard to the relevant affairs of the Town (Recommendation 7).

Charge to the Committee

BFAC reviewed the Select Board's charge at its first meeting, on January 9, 2019:

- Review and evaluate Brookline's fiscal and financial projections through FY22 (note: BFAC extended this timeframe to a ten-year planning horizon).
- Examine Town and School budget principles and financial policies.
- Suggest actions that address misalignment between projected revenues and expenditures.

As was the case in both the 2004 and 2011 Fiscal Policy Review Committees, BFAC was asked to "focus on the general fiscal health of the community, and not conduct evaluations of individual programs or budget line items." In addition to the above three charges, the Select Board directed BFAC to address ten more detailed questions, which are listed in Appendix B.[5]

Summary Recommendations

Though there is no single cause for Brookline's current difficult financial condition, BFAC has identified weaknesses in the Town's and Public Schools of Brookline's financial policies and processes as significant contributors to the current situation. The Committee believes both the Town's and PSB's budgeting and capital allocation policies and procedures can and should be strengthened. We are particularly concerned with the long-term strategic planning function and the lack of financial modeling tools necessary to support such planning.

[5]Charge approved August 7, 2018, by the Select Board. See Appendix B for the full text of the charge.

The Committee observed resource deficiencies[6] and fragmentation[7] in the Town's and School's financial decision-making processes which undermine the Town's ability to make sound decisions. Lastly, BFAC noted issues arising from the Town Meeting form of government, including the absence of strong leadership in dealing with financial matters and a broad lack of understanding of financial matters among many participants in Town government.

These issues hamper the Town's ability to engage in meaningful long-range financial planning and to adhere to plans and budgets. Although the Committee is not taking a position on alternative forms of government, it does feel the complexity and size of the Town merit examining options including that of a strengthening the position of Town Administrator and assigning ultimate responsibility for financial leadership to a member of the Select Board. BFAC recommends such an examination be undertaken as soon as possible.

To address these issues BFAC recommends the adoption and implementation of the proposed twenty-four-month BFAC Implementation Plan (the Plan). The Plan will place the Town and PSB on a path to begin operating under sustainable annual budgets, remain positioned to finance continued investment in infrastructure and facilities, and retain the Town's AAA credit rating.

Implementation of the Plan will be a shared responsibility among all of the principal government bodies, including senior staff, the Select Board, the School Committee, the Advisory Committee, and Town Meeting. Most importantly, implementation of the Plan will require leadership and vision. BFAC is recommending individual Select Board members be assigned primary authority and responsibility for the financial affairs of the Town; its capital investment plans and activities; and, finally, its economic development activities including long-range planning and zoning reform, all of which we identify as being critical factors in achieving long-term financial health.

Many of the Plan's recommendations will require additional resources in the form of consulting services and analytical tools. In addition, BFAC believes implementation of the Plan requires the immediate allocation of new human resources for both the Town and

[6] The Town's finance staff has not increased in size in more than twenty years and without additional resources will not be able to conduct the critical work recommended by BFAC. The Schools also have resource deficiencies in certain areas.

[7] An example of this fragmentation is the differing formats of the Town and School budgets.

the Schools. Staff is currently stretched to their limits and, absent additional resources, the critical issues highlighted by BFAC will not be appropriately addressed.

Below is a summary list of BFAC's key recommendations. *The reader is strongly encouraged to read the complete list of BFAC's recommendations and detailed explanations included in the body of this report.* The full Plan and its recommended timeline are detailed in the Gantt chart contained in Appendix K.

Recommendation 1. The Select Board and School Committee should have their administrations adopt common financial policies, to the extent possible, and create and institute performance management metrics to allow for better evaluation of budgetary decisions and lessen the influence of anecdotal statements and special interests in financial decisions.

Recommendation 2. The Select Board, School Committee, and Advisory Committee should adopt a financial review and budget process requiring periodic summits among the Select Board, the School Committee, and the Advisory Committee.

Recommendation 3. To the extent permissible, reform the warrant article development, review, and implementation process to enable consistent, transparent, robust analysis and reporting of each article's short-term and long-term costs and benefits; to discourage financial appropriations made outside the annual budget cycle; and to take into consideration the limitations of staff time and volunteer resources.

Recommendation 4. Change the structure, composition, and scope of the Town's Advisory Committee so it has the required skills and time to focus its attention on financial monitoring, analysis, and policy evaluation of both existing policies and proposed warrant articles.

Recommendation 5. Change the Town's independent audit and accounting firm at least every ten years. Rotate the lead partner assigned to the Town every five years. The next audit firm Brookline appoints should complete the annual audit of the fiscal year-end financial statements and conduct a sufficiently inquisitive review of the Town and School's internal controls.

Recommendation 6. Evaluate key programs and services on a periodic basis to assess their effectiveness and completion of objectives and to identify potential cost savings and opportunities for the redeployment of resources.

Recommendation 7. Establish the practice of designating three individual Select Board members as having primary responsibility for a) financial affairs of the Town, b) capital investment plans and activities, and c) economic development activities inclusive of long-range planning and zoning reform, with each Select Board member to monitor, evaluate, and supervise the work of staff with regard to the relevant affairs of the Town. In addition, establish policies and review responsibilities and authorities to have Select Board members lead by example in the area of financial discipline and to clarify and consider strengthening the role of the Town Administrator. Finally, implement a staff-based financial and capital management structure mirroring the Town's organization with appropriate oversight assigned to School Committee members and subcommittees.

Recommendation 8. Revisit the structure, including the revenue allocation formula, of the Town-School Partnership to ensure that it is better understood and that it best meets the needs of the Town and Schools in a dynamic manner.

Recommendation 9. Create an enhanced capital planning process covering the Town and Schools, including regular periodic evaluation of town-owned assets.

Recommendation 10. Develop annual Financial Improvement Plans (FIPs) to pursue high-impact opportunities to increase revenues (e.g., PILOT program, AirBnB fees, building utilization) and better manage costs (e.g., special education medical expenses, building maintenance, new school construction standards, playgrounds and fields).

Recommendation 11. Annually assess and publicly report the extent to which any projected cost reductions or revenue increases in the Financial Improvement Plans actually materialize and why any shortfalls arise. Seek outside independent expertise to a) assist, as needed, in the evaluation and refinement of Financial Improvement Plans, and b) to provide independent monitoring of the Town's and Schools' compliance with Financial Improvement Plans and the BFAC Implementation Plan. The Urban Institute and the Bloomberg Harvard City Leadership Initiative are two widely respected organizations that may provide such services for modest (or no) cost. It is not required that a single entity provide both services described above.

Recommendation 12. Aggressively pursue new economic development to increase the vibrancy of the town's economy, generate new property tax revenues, minimize the burden on residential taxpayers, and expand payment in lieu of taxes (PILOT) revenues. To this end, enact zoning changes to incentivize new development and encourage increased density in designated areas. A significant commitment to strategic planning and public education will be necessary to achieve this goal.

Recommendation 13. Recommit to maintaining or exceeding, except for periods of extraordinary circumstances, minimum reserve levels established in the 2011 Fiscal Policy Review Committee Final Report; to restore funding as soon as possible to meet those thresholds; to add to present Stabilization Fund policies a minimum requirement; and to implement a new policy to increase overall fund balances to a target of 15 percent of Revenues within four years. (AA: 30% ≥ n > 15%)

Recommendation 14. Establish a maximum debt policy based on the ratio of Direct Debt to Operating Revenue to not exceed the requirement for the A level credit rating and a formal goal of achieving a Net Direct Debt to Revenue ratio at the AA level credit rating. In addition, commit to full disclosure of existing, proposed, and planned borrowings when asking voters to approve new debt exclusions. Finally, commit to the continual evaluation of alternative debt structures so as to balance cost, fairness, and the maximization of borrowing flexibility.

Recommendation 15. Develop a strategy to plan for periodic operating overrides to supplement the resources provided by recommendations 11 through 13 in order to meet the community's expectations of more and better services from the Town and Schools while addressing concerns that would accompany growing the tax base exclusively via accelerated economic development. To mitigate the dilutive impact of operating overrides' impact on reserve ratios, require operating override requests to be "grossed-up" to provide sufficient additional funds to maintain reserves at targeted ratios and to recognize the additional financial risk associated with the newly approved greater financial obligations. Override resource allocations should be regularly evaluated for effectiveness in keeping with Recommenation 6 above.

Recommendation 16. Consolidate Town and School financial planning into a single integrated financial model that reflects fully allocated costs between the Town and PSB for use in all Town and School budgeting, investment, and forecasting decisions.

Recommendation 17. Annually compare the Town's financial position to the Moody's Scorecard criteria in order to assess and address any vulnerabilities to preserving Brookline's AAA credit rating.

Recommendation 18. Amend Section 2.1.14 of the Town By-Laws to include the requirement that all Town Meeting Members attend at least one informational/training meeting that covers the Town budgeting process and financial matters every three years.

Findings Overview

Since Proposition 2½ took effect in 1982, the Town of Brookline has been constrained in its ability to increase revenues to meet rising expenses. The Town is now at the point where expense growth and unfunded mandates compromise its ability to maintain both its spending practices and its historic financial safety nets. Furthermore, future capital spending plans far outstrip the Town's debt capacity as measured by the ratio of Direct Debt to Operating Revenue and when gauged by municipal finance best practices. BFAC is recommending the establishment of a maximum debt policy based on this ratio, as discussed in greater detail later in the report. Finally, the Town's projected structural deficit has grown while its reserves have shrunk below its stated fiscal policies. Closing the structural deficit and replenishing the reserve balances is the Core Operating Challenge facing the Town of Brookline.

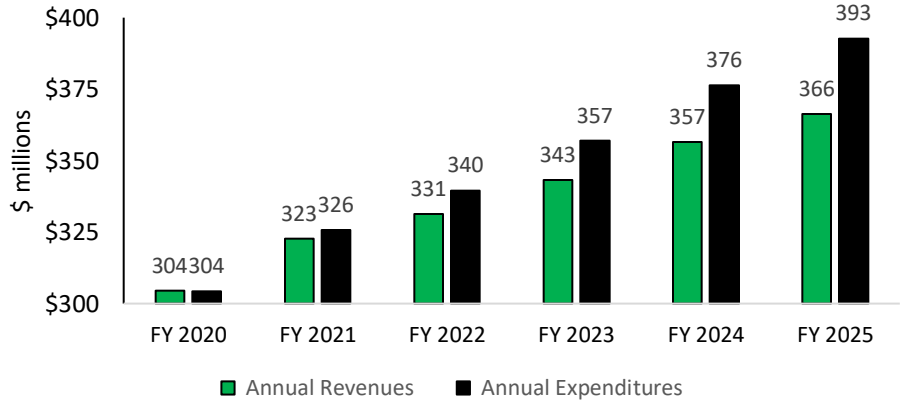
The Town's structural deficit and declining reserve balances are the "canary in the coal mine" for Brookline, the first warnings of significant financial problems.

The Operating Deficit – Understanding the Challenge

Brookline faces an ever-widening gap between revenues and expenditures.

Chart 1[8]

Brookline forecasted revenues and expenses reveal an increasing projected operating deficit in the business-as-usual scenario



[8] FY 2021-FY2025 Long Range Financial Plan, presented by Melissa Goff, Deputy Town Administrator, on December 17, 2019, to the Select Board.

Expressed in terms of dollars, in FY 2021 the gap between maintenance-of-effort expenditures and projected revenues exceeds $3.0 million. This gap expands annually each year in the forecast and by FY 2025 is projected to be approximately $26.4 million. Though Massachusetts communities are typically conservative in their revenue forecasts, BFAC does not believe that Brookline's structural deficit is a result of overly conservative assumptions.

We have focused on two primary drivers behind the structural misalignment between annual revenue and expenditure growth:

- Significant limits on tax-based revenue growth compared to expense growth with fewer constraints, particularly in our Schools, which must contend with special education costs and enrollment growth.
- Historical underfunding of employee obligations such as retirement and post-retirement health benefits, resulting in current funding of previously incurred liabilities.

Capped Tax-Based Revenues and Our Schools

The Public Schools of Brookline comprise the Town's largest department in terms of both headcount and budget. For FY 2020, personnel costs for PSB are projected at $104 million and fringe benefits at $28.4 million. Expenditure growth associated with collective bargaining agreements, Steps and Lanes salary increases, fringe benefits, Special Education (SPED) and CIP spending have outstripped the 2.5 percent annual revenue growth cap permitted under Massachusetts property tax limits. Special education costs, both educational and medical, though mandated by the State, are only partially reimbursed. The pressure of pupil enrollment growth has further fueled increases in personnel headcounts and facility costs. Moreover, while inflation has been unusually low since 2008, a return to more typical levels will increase the gap between the 2.5 percent limit and the annual increase in personnel cost in particular.

Underfunding Past Retirement Benefit Obligations

As was common for decades in both the private and public sectors, past commitments made to employees for pension and other retirement benefits were not funded as the liabilities were incurred. The burden of paying for these contractual financial commitments, therefore, is now the responsibility of current and future Brookline

residents. The 2008 Other Post-Employment Benefits (OPEB) Task Force studied these liabilities, and in 2010 the Town revised its schedule for funding the pension liability with the goal of full funding by 2030, at which time the Town will begin to utilize the funds to more aggressively fund OPEBs.

The explicit plans the Town has adopted to meet these obligations have a considerable impact on the budget. In FY 2020 the Town budgeted $25 million from the operating budget for pensions and $4.7 million for OPEBs, including a $600,000 allocation from Free Cash. These payments amount to almost 9 percent of total revenues. The Town should review its approach and ensure that it is in keeping with best practices as suggested by independent experts. The OPEB liability is also an important factor in the Town's credit rating.

The Town's Balance Sheet and Financial Health Are Deteriorating

The financial condition of Brookline can be evaluated by comparison to its peer cities and towns that maintain AAA rated debt. The Town's safety-net liquidity, as measured by its Unassigned General Fund Balance as a percentage of Revenues, has decreased over the past few years[9]. On this important ratio Brookline now ranks last in comparison with thirteen Massachusetts AAA communities. Furthermore, as shown in Table 2 below, since 2014 the Town has not achieved its own policy of maintaining an unassigned fund balance of at least 10 percent, with a target of 12.5 percent, of prior year Revenue.[10]

Table 2. Revenues and Fund Balances

In $MM	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Revenues	$231.68	$232.77	$250.64	$276.88	$292.70	$308.32
Total Fund Balance	$26.12	$24.55	$28.85	$33.69	$35.72	$37.90
- Unassigned Funds	$23.87	$22.58	$21.35	$23.39	$24.73	$26.64
- Assigned Funds	$2.25	$1.98	$7.50	$10.30	$10.99	$11.25
Overall Fund Bal. as % of Revenues	**11.27%**	**10.55%**	**11.51%**	**12.17%**	**12.20%**	**12.29%**
Unassigned Funds Bal. as % of Revenues	**10.30%**	**9.70%**	**8.52%**	**8.45%**	**8.45%**	**8.64%**

[9] Unassigned General Fund Balance is the precise term used throughout this report. Synonyms include: the "Unassigned Fund," the "Unreserved General Fund Balance and Stabilization Fund "(as seen in audited financial statements), and the "Unreserved Fund Balance/Stabilization Fund" (as seen in Annual Budget Book).

[10] Revenue defined as Total Revenues for the General Fund as reported on the "Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances."

The unassigned fund balance is a community's rainy-day fund to draw upon in the event of unforeseen costs. The underfunding of this balance implies that stress is already affecting the Town's liquidity and resiliency.

Brookline allocates 6 percent of prior year net revenue to fund its capital improvement program (4.5 percent is allocated to support debt-financed projects and 1.5 percent is allocated for revenue-financed projects). The application of this rule of thumb has historically led to much lower borrowing in Brookline than in other similar communities that also maintain debt rated AAA. The Town does not use debt to support operations.

Despite this conservative approach, in the last three fiscal years, debt exclusions to fund capital projects have resulted in Brookline's debt increasing from $96.5 million in FY 2017 to a projected $462 million in FY 2020.[11] This has led to an approximate doubling in debt service, and in FY 2020 debt service is projected to total 5.6 percent of net revenues. More debt is coming with the construction of additional school and town projects. Although the recent increase has come from debt exclusions, the rating agencies do consider total debt and liabilities, and have expressed concern about the resulting pressure on taxpayers.

An Independent Assessment – The Importance of Ratings Agencies' Ratings

Brookline is currently a AAA-rated community, the highest possible rating. In assigning a rating the credit agencies use a multi-factor analysis which examines the economy, finances, liabilities, and management of the locality. As a result, the AAA designation is typically understood as a reflection of Brookline's financial strength and health, as well as the quality of the Town's management. Brookline's reward for maintaining its AAA status is meaningfully lower borrowing costs[12] and the most favorable terms available from its vendors. The AAA rating is an imprimatur that engenders trust and comfort to both residents and third parties doing business with the Town. A ratings downgrade, on the other hand, sends a powerful negative message to both financial markets and residents

[11] FY 2021-FY2025 Long Range Financial Plan, as presented December 17, 2019 by Melissa Goff, Deputy Town Administrator, to the Select Board.

[12] The current spread, or interest rate differential, between a AAA bond and a AA-rated bond is approximately 20 basis points, or 0.20% (a basis point is 1/100 of 1%). Brookline's most recent long-term borrowing has a net interest cost of 3.0 percent. Hence, the cost of moving from AAA to AA would result in about an 6.7% increase in the Town's borrowing costs. That translates to about $2.4 million in present value on a $100 million bond offering.

that there are factors jeopardizing Brookline's ability to continue to do business as usual and maintain current service levels and policy priorities.

When examining Brookline's financial condition in the manner used by its bond rating agencies, a proxy for municipal best practices, the areas of weakness in the Town's financial condition and management become clear.[13]

Moody's and Standard & Poor's (S&P) have each identified risks to Brookline's financial wellbeing in their recent credit rating reports. In a March 2019 opinion, Moody's stated:

> The stable outlook reflects the favorably located tax base that will continue to grow. The outlook also incorporates the town's financial position that will remain stable going forward due to careful fiscal management and the expectation that voters will continue to approve proposition 2½ exclusions for growing capital needs.
>
> Factors that could lead to a downgrade
>
> - Trend of operating deficits that result in a material decline in reserves
> - Material tax base contraction[14]
> - Substantial increase in debt absent corresponding tax base growth
> - Failure to address long-term pension and OPEB liabilities as planned[15]

While S&P warns:

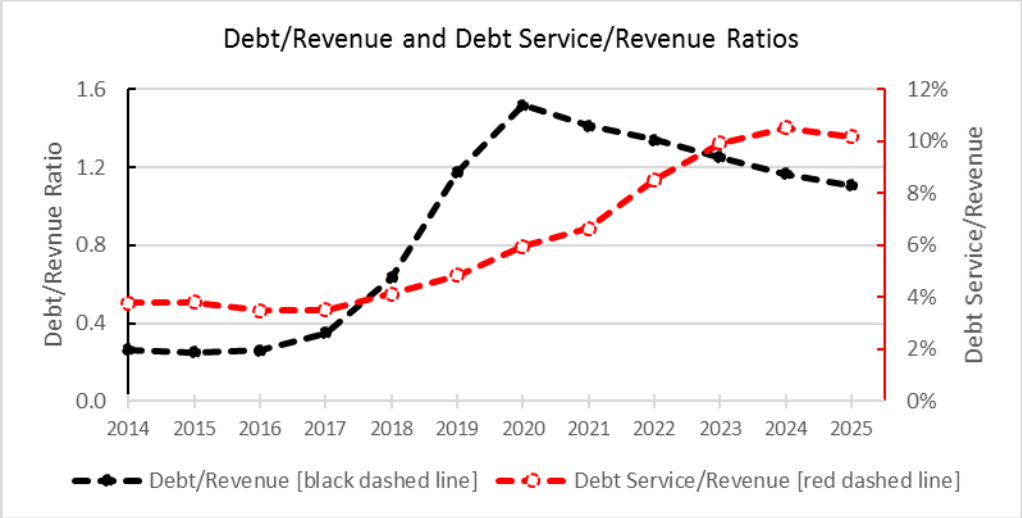
> In our view, Brookline's debt and contingent liability profile is weak. Total governmental fund debt service is 3.3% of total governmental fund expenditures, and net direct debt is 51.1% of total governmental fund revenue. Negatively affecting our view of the town's debt profile is its significant medium-term debt plans. . . The town expects to issue approximately $100 million in new-money debt over the next two fiscal years. We have incorporated the anticipated new debt into our analysis as significant medium-term debt plans. However, once finalized, the effects on the debt ratios may be greater than currently anticipated.

[13]Appendices D and E contain detailed information on Moody's and S&P's rating criteria.
[14]This would be due to either falling property values or the significant removal of properties from the tax rolls.
[15] Moody's Investors Service Credit Opinion, March 11, 2019.

In our opinion, a credit weakness is Brookline's large pension and OPEB obligation, without a plan in place that we think will sufficiently address it.[16]

As will be discussed in greater detail in the Debt section of the report, since S&P made these comments in 2017, the Town's outstanding and authorized but unissued debt has ballooned to $462 million, resulting in debt to revenue ratio of 1.51x, and debt service to revenue ratio of 5.96%.

Chart 2.



[17]

Shown below are two abridged versions of Brookline's scorecard[18] that Moody's employs in its credit evaluation. Every municipality in the country is judged on the same characteristics.

In the first version, Table 1 (also found on page 2), green is good (AAA), yellow is okay (AA), and pink is problematic(A). The shaded portions of the circles indicate the strength of Brookline's score in the metric for that rating, with unshaded areas representing weakness.

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[16] S&P RatingsDirect; Brookline, Massachusetts; General Obligation, March 5, 2018.

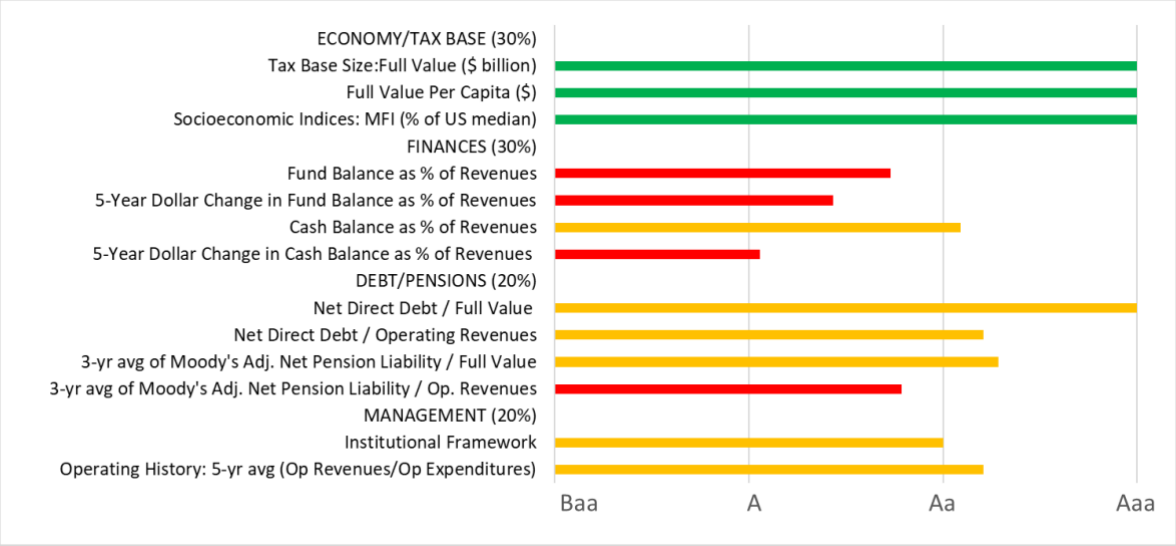
[17] Based on historic and projected debt from FY14 to FY26. These figures do not include costs for Pierce, acquisition of Newbury College, construction of a ninth K-8 school, or any other possible major capital projects. They also exclude enterprise debt and do not account for inflation.

[18]The full scorecard with detailed explanations is included in Appendix F. Source: Moody's Approach to Local Government Credit Analysis 2019, BFAC Analysis, Brookline June 2019 Draft Audited Financial Statements, Moody's March 2019 credit opinion, Brookline Assessors, U.S. Census Bureau.

Table 1. Moody's Abridged Scorecard 2019

Categories	Credit Factors	Weight	AAA	AA	A	Baa
Economy/Tax Base (30%)	Tax Base Size:Full Value	10%				
	Full Value Per Capita	10%				
	Socioeconomic Indices: MFI	10%				
Finances (30%)	Fund Balance as % of Revenues	10%				
	5-Year Dollar Change in Fund Balance as % of Revenues	5%				
	Cash Balance as % of Revenues	10%				
	5-Year Dollar Change in Cash Balance as % of Revenues	5%				
Debt/Pensions (20%)	Net Direct Debt / Full Value	5%				
	Net Direct Debt / Operating Revenues	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	5%				
	3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues	5%				
Management. (20%)	Institutional Framework: legal ability to match resources with spending	10%				
	Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	10%				

Chart 3. Brookline's 2019 performance on Moody's rating elements



This graph also depicts Brookline's performance on Moody's ratings scorecard elements in 2019. Red bars depict elements that score below Aa. Orange bars depict elements that meet Aa but not Aaa. Green bars designate elements that meet the minimum threshold of Aaa performance. Red and orange bar lengths represent the proportion that Brookline's score on that element falls between two rating levels. Institutional Framework is categorical, so its bar extends to the minimum threshold of its rating.

The importance of these metrics extends beyond benchmarking Brookline against its peers. Managing to these metrics requires adoption of municipal finance best practices, and it demands financial discipline and restraint which in turn strengthen the Town's ability to support additional debt service and expenses.

Focusing on the financial metrics within the Town's control (finances, debt/pensions, and management), Brookline ranks at or near the bottom when compared to the Commonwealth's other AAA communities (See Table 3 on the following page).

Table 3

Brookline Vs. Twelve Peer Communities
Selected Moody's Key Metrics of Financial Health

	Economics				Debt			Finances									
Issuer	2017 Per Capita Income	2017 Median Family Income	2018 Equalized Valuation	Residential AV as a % of Total AV (1)	General Obligation Bonded Debt Outstanding	Bonded Debt Per Capita	Cumulative % of Principal Retired in 10 Years	7/1/18 Free Cash	FY 18 Total Fund Balance	FY 18 Unassigned General Fund Balance	FY 18 Total Revenues	Total Fund Balance as a % of Revenue	Unassigned Fund Balance as a % of Revenue	Unfunded Pension Liability	Unfunded OPEB Liability	Unfunded Pension Liability as a % of Revenue	Unfunded OPEB Liability as a % of Revenue
Brookline	10	12	2	2	10	5	10	5	5	4	2	13	12	12	12	13	10
Acton	12	10	11	5	2	1	2	13	13	13	11	12	13	5	3	7	3
Belmont	11	11	6	9	9	11	13	9	9	7	6	6	4	11	9	9	11
Concord	9	9	9	7	3	4	1	6	4	8	9	4	6	3	4	2	4
Dover	1	3	13	13	1	2	4	7	12	11	13	2	1	1	1	4	2
Hingham	7	8	8	3	4	3	3	1	6	2	7	5	2	6	6	6	6
Lexington	5	5	5	4	12	10	8	3	1	3	3	3	7	2	11	1	7
Nantucket	13	13	3	8	11	13	9	8	3	5	8	1	3	10	10	8	12
Newton	8	7	1	6	13	6	12	4	2	1	1	11	10	13	13	12	13
Wayland	4	4	12	10	5	8	7	10	11	10	12	8	5	8	2	11	1
Wellesley	3	2	4	1	7	7	6	2	7	6	4	10	8	7	7	5	5
Weston	2	1	10	11	6	12	5	12	10	12	10	9	9	9	5	10	9
Winchester	6	6	7	12	8	9	11	11	8	9	5	7	11	4	8	3	8

Notes: These numbers are rankings and the lower the number the higher a community's ranking.
1. Lower number indicates larger percentage of non-residential contribution to tax levy

Source: Hilltop Securities

Both of the above tables lead to a sobering conclusion: the value of Brookline's real estate is the primary reason for its AAA rating, and the size of the tax base is masking serious deficiencies in the management of its finances, liabilities, and operations. Brookline's high property values are largely thanks to its unique location within the Boston metropolitan area. If Brookline were located elsewhere in the state, it would not be a AAA-rated community.

Approach

To develop its recommendations, BFAC divided into two teams: the Forecasting Subcommittee (FSC) and the Policies & Procedures Subcommittee (PPSC).

The FSC had fourteen meetings. The FSC's charge was to develop a Town and School integrated forecasting model built upon the five-year model currently in use by the Town. Using the current forecasting model updated for FY 2020 budget changes, BFAC developed a ten-year financial forecast model to support sensitivity analyses desired by the BFAC committee. The Forecasting Sub-Committee also met with Town officials, examined reserve policies, reviewed historical data, and performed other analyses in support of BFAC.

The PPSC's objective was to review key financial policies and principles. The PPSC initially took relevant portions of the charge and broke them down into areas of common focus and concern: overall best practices; strategic planning; revenue and cost allocation; allocation of capital and capital expenditure policies; expense management; debt capacity and usage; and implementation responsibility. It met with leadership and members of relevant Town and School departments and commissions. The primary focus of these discussions was two-fold: the first goal was to understand whether certain policies and procedures existed and, if they did, how (if) they were documented and implemented. The second focus was to obtain input on challenges, impediments, and suggestions for enhancement to existing conditions. The PPSC also conducted some focused work on the Town-School Partnership, including researching the approach taken by other communities.

The full Committee and its subcommittees formally met a total of 34 times. There were also numerous interviews and meetings by members with Town employees, officials, members of relevant boards and Commissions, and outside advisors; presentations to the SB, SC, and AC; and a public hearing on December 19, 2019.[19] Feedback from the Select Board, School Committee, and members of their respective staffs and administrations was solicited repeatedly throughout the year, and liaisons to both the SB and SC attended the majority of the full Committee meetings. BFAC was also supported in part of its work by three undergraduate students at Harvard University.[20]

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[19] See Appendix D for feedback from the Public Hearing and to the December 8, 2019, draft BFAC Report.

[20] See Appendix C for a list of Town employees, officials, and outside advisors.

BFAC was introduced to Standard & Poor's monograph, *The Top 10 Management Characteristics Of Highly Rated State And Local Borrowers* (the "S&P Top 10") by Hilltop Securities, the Town's financial advisor.[21] BFAC embraced the S&P Top 10 as a guide to the Committee's subsequent work and maintenance of the Town's AAA rating; as a benchmark to other communities; as a focus for the Minimum Viable Product Model (MVP) on certain key metrics; and as a template for BFAC's ultimate recommendations. The S&P Top 10 represents the "highest order management practices of the highest rated cities and Towns."[22]

[21] Reprinted in Appendix E.

[22] Michael Sandman, Chair, Advisory Committee, September 17, 2019.

Findings and Detailed Recommendations

Financial Policies and Processes

A basic tenet of good financial management, both in the private sector and the public sector, is the development of and adherence to a sound multi-year financial plan. Three of the S&P Top 10 support this view:

- Regular economic and revenue updates to identify shortfalls early
- Prioritized spending plans and established contingency plans for operating budgets
- A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget

Brookline's current financial policies and procedures fail to meet these standards at the AAA rated level. This is highlighted by Brookline's Moody's Scorecard, where credit factors with a combined weight of 30 percent are only rated as "A" quality, and factors with an additional 30 percent combined weight are rated as "AA."[23] By addressing the shortcomings in the Town's and School's Financial Policies and Procedures, Brookline will simultaneously strengthen its credit rating and create the tools required to solve its current financial challenges.

A key BFAC finding is Brookline's lack of an easily understood systematic and integrated process for producing, and tracking variances from, a credible multi-year financial plan. Plans generated under the existing budget system are frequently undermined by the current Warrant Article process, which can circumvent budget procedures and establish new spending priorities absent clarity on the sources of funds, whether they be from new revenue or spending cuts to existing services. A new approach is imperative if Brookline is to successfully improve its financial situation.

As introduced under "Executive Summary," above, BFAC identified several actions necessary for creating a credible multi-year financial plan and proper financial decision making. These recommended actions are expanded and added to below.

[23] Abridged Scorecard can be found on page 21; see Appendix F for the full Scorecard.

Recommendation 1

Adopt common financial policies, to the extent possible, and create and institute performance management metrics to allow for better evaluation of budgetary decisions and lessen the influence of anecdotal statements and special interests in financial decisions. The Town and Schools have separate, parallel budget processes, each with very different challenges and subject to different state and federal requirements, but ultimately both need to comply with certain regulatory, accounting, and reporting standards. Adopting integrated financial policies will allow for the evaluation of stated priorities and goals so that resources can be redeployed as necessary in the context of a forward-thinking financial culture. Performance management metrics will strengthen data-driven decision making while weakening the argument for decisions disassociated from financial constraints. This is a necessity given the Town's finite resources. Performance metrics are being increasingly used as part of best practices in municipal operations with many examples in the Boston metropolitan area. It is not within the scope of BFAC's charge to design a performance metrics program, but a list of resources and examples is contained in Appendix H.

Who is responsible? Select Board, School Committee and respective administrations.

Recommendation 2

Adopt a financial review and budget process requiring periodic summits between the Select Board, the School Committee, and the Advisory Committee. Modeled after Lexington's budget process, the summit approach brings together the critical participants and stakeholders in the budget and forecasting process. The summits would establish a common foundational framework for Town and School budget preparation, foster respect among the parties, and facilitate an understanding of the unique challenges faced by each. Content and sequencing of these meetings would be determined by the Town Administrator and Schools Superintendent. These meetings should include monitoring key financial trends beyond one-year horizons, key strategic decisions across boards and committees, and deep dives on strategic topics.

Who is responsible? Select Board, School Committee, Advisory Committee, and respective administrations.

Recommendation 3

To the extent permissible, reform the Warrant Article development, review, and implementation process to enable consistent, transparent, robust analysis and reporting of each article's short-term and long-term costs and benefits; to discourage financial appropriations made outside of the timing of the annual budget cycle; and to take into consideration the limitations of staff and volunteer resources. The current Warrant Article development and review process consumes a tremendous amount of Town staff and volunteer time. In recent memory, articles filed by Town Meeting Members and the members of the general public have redirected staff and volunteer resources away from previously identified strategic priorities and imposed unforeseen and unplanned-for pressures on the Town's operating and capital budgets, such as the $1.4 million fiscal impact[24] of 2019 Town Meeting actions. While town government must encourage engagement and provide its various constituents with the opportunity to influence and change its activities and priorities, it is reasonable for that process to be orderly and fact-based. Against that context, BFAC recommends that the Warrant Article development and review process be modified to lessen the requirement of staff resources and to introduce a reasonable process of implementing and/or phasing in decisions to allow for thoughtful redeployment of operating and capital funds. Changes to the Warrant Article process are necessary to support BFAC recommendations regarding long-term planning, analytically informed decision making, financial discipline, as well as to lessen strains on staff resources. Specific ideas include:

- Warrant Articles with either direct or indirect financial or operational implications should meet established and published standards, have clear goals and objectives, and state metrics for evaluation. Though State law prohibits limiting the right of citizens to put articles into a warrant, the Select Board, the Advisory Committee, and other boards and commissions should emphasize the need for appropriate financial evaluation and should not vote favorable action on articles lacking sufficient analysis. Examples of recent Warrant Articles and gaps in the analyses and recommendations presented to Town Meeting are provided in Appendix M.
- Significantly increase from ten the number of citizen signatures needed to file an article at a Special Town Meeting.

[24] Detail on the fiscal impact of 2019 Town Meeting actions is found in Appendix L and Appendix M.

- Resolutions must not be treated as requirements. Resolutions are advisory, they are not meant to be binding but are frequently, if not constantly, treated as such. This practice undermines the ability to adhere to a financial plan or budget.
- Warrant articles must be more carefully analyzed from a financial perspective with a longer timeframe to allow for a thorough analysis. Metrics must be developed to "score" warrants involving expenditures, and additional supporting financial information needs to be required with the submission.
- Ensure the Town has the resources required to conduct the analyses suggested herein. BFAC recommends that there be one such group to service both the Town and the Schools to increase efficiency, promote common methodologies, and help insure philosophic integration.
- Warrant articles with financial or operational implications, either directly or by resolution, should be prioritized and should also only be advanced at the annual Town Meeting in May when the budget is voted. An alternative approach would be to split a Warrant over more than one TM, which is allowed under state law (such as having all financial/operational articles placed on a warrant in one TM and the rest in a second TM to be held at a separate time).

Who is responsible? A to-be-formed committee including non-Advisory Committee Town Meeting Members.

Recommendation 4

Change the structure, composition, and scope of the Town's Advisory Committee so it has the required skills and time to focus its attention on financial monitoring, analysis and policy evaluation of both existing policies and proposed warrant articles. Matters which have a financial impact on the Town should be dealt with by a group(s) possessing the requisite skills to thoroughly analyze such matters. As the Town's sole financial advisory body, charged by statute with submitting the Annual Budget, the AC's paramount focus should be: 1) monitoring the overall financial targets and operational performance of the Town and Schools; 2) analyzing the short- and long-term financial costs and benefits of proposed Warrant Articles; and 3) evaluating and, if deemed appropriate, suggesting modifications to proposed articles having financial or operational impact that will come before Town Meeting. Rather than being a mirror of the political

composition of Town Meeting, the AC should provide apolitical expertise for the benefit of our complex urban town, one of the largest in New England. The Town and Town Meeting will benefit from advice grounded in the relevant expertise and informed by a comprehensive understanding of the Town's financial condition from its legally required Finance/Advisory Committee.

The Town's by-laws[25] pertaining to the Advisory Committee should be changed to narrow and deepen its focus on the three tasks mentioned above, and to enable it to provide more robust, consistent financial analysis to accompany its recommendations. This narrower focus should trigger a review of both the size of the Advisory Committee and the required skill sets of its members to ensure the relevant and appropriate professional expertise is brought to bear.

A possible long-term approach would be a twenty-four-member committee with at least one resident, not required to be a Town Meeting member, from each of the sixteen precincts, with the balance being chosen for their technical expertise. The by-law should reference the types of professional expertise needed on the AC including finance, operations, legal, architecture, real estate development, technology, and construction.

Who is responsible? A to-be-formed committee, or the Committee on Town Organization & Structure (CTO&S).

Recommendation 5

Change the Town's independent audit and accounting firm every ten years, and rotate the partner assigned to the Town every five years. Auditors are independent organizations that are supposed to help ensure the Town and Schools adhere to laws, statutory requirements, and reporting best practices. The rotation of individuals and firms helps to guarantee the independence required for the auditors to perform their responsibilities. The lack of such change increases the risk of complacency because the auditors are never second guessing themselves. In addition to the annual statements, the

[25] Brookline is required by State law to have an Appropriation, Finance, or Advisory Committee "who shall consider any or all municipal questions for the purpose of making reports or recommendations to the town". The Town's current by-laws require the Advisory Committee to "consider any and all municipal questions, including appropriation requests and proposed action under all articles in the warrant for a Town Meeting, for the purpose of making reports and recommendations to the Town."

Town should consider requesting the audit firm apply appropriate procedures in testing compliance with key policy and credit agency ratios.

Who is responsible? Select Board and Audit Committee.

Recommendation 6

Evaluate key programs and services on a periodic basis to assess their effectiveness and completion of objectives, in order to identify potential cost savings and opportunities for the redeployment of resources. Pilot test zero-based budgeting best practices into the annual budget process. Objective yardsticks by which to judge progress against goals are a key component to expenditure review. Too often these evaluations can become arguments based on opinion rather than evidence. If a program has been reviewed and not lived up to expectations, there need to be objective criteria for evaluating the consequences of ending or tailoring back the investment in the program. This recommendation is meant to foster more evidence-based decision making, where more facts and evidence are provided to support decisions by staff, boards, committees, and Town Meeting. It should also help decision makers explain their decisions more transparently.

Who is responsible? Select Board, School Committee, and their administrations.

Recommendation 6.1. Require an investment analysis for new initiatives as well as look-back assessments. In addition to demonstrating the possible benefit, there should be an explanation of the goals of the investment, the metrics by which it will be judged and the time frame over which the metrics will be analyzed. Periodic look-backs to ascertain effectiveness should be required, as there should never be an assumption that a program will continue indefinitely.

Who is responsible? Select Board, School Committee, Advisory Committee, and PSB and Town administrations.

Recommendation 6.2. Create rubrics and metrics for establishing spending and investment priorities, including the identification of funding sources. Regular procedures should be instituted to periodically evaluate programs for their effectiveness and to

identify service levels in excess of statutory requirements. This will create opportunities to rethink the deployment of limited financial resources.

Who is responsible? Select Board, School Committee, and their administrations.

Recommendation 6.3. Pilot test zero-based budgeting (ZBB) and outcome-based budgeting (OBB) as alternatives to the current incremental annual budget process.[26] Both of these budget approaches offer the potential for a more strategic allocation of resources. In ZBB the budget for a program is re-set to zero and the resources to provide a service or complete a goal are identified and costed. For OBB the focus is the alignment of resources with results.

Recommendation 7

Recommendation 7.1. Encourage Select Board Members to lead by example in establishing improved financial decision making. Select Board members should not sponsor Warrant Articles that have a financial or operational impact on the Town without fully complying with financial management best practices, including a complete analysis of the impact on the Town budget and balance sheet, identification of funding sources (new revenues or redeployment of resources), and the timetable and metrics for new service and/or program.[27] At the very least, Select Board Members who sponsor articles as individuals should recuse themselves from the Select Board vote on those articles.

Recommendation 7.2. Clarify positions of financial responsibility and authority. Although the Financial Summits and the Select Board commitment to recommendation 7.1 will help, BFAC believes more can and should be done to clarify and strengthen the lines of financial authority. Consideration should be given to both strengthening the role of the Town Administrator and the Select Board's leadership on financial matters. A single Select Board member should always be designated with ultimate responsibility for the financial operations of the Town. An additional Select Board person should always be designated with ultimate responsibility for the Town's Capital Investment plans and activities, as more fully detailed in Recommendation 9. Finally, a Select Board person

[26] Appendix I provides additional information and resources on both of these budgeting approaches.

[27] Article 2.1.4 of the Town by-law says: "An Article submitted by the Select Board, or other Town Board, Commission or Department, shall be deemed to be incomplete and not acceptable for insertion in the Warrant unless all plans, specifications and estimates and other supporting data necessary for its consideration by Town Meeting, as well as the explanation of the purpose of the Article, are submitted prior to said deadlines." The By-Law provides an 'out' to this requirement that should be eliminated or at least ignored to avoid undermining the fiscal discipline the By-Law section attempts to impose.

should be designated with ultimate responsibility for the Town's Economic Development Activity inclusive of long-range planning and zoning reform, as more fully detailed in Recommendation 12. The designated Select Board person for each of these areas would participate in, monitor, evaluate and supervise the work of the Town Administrator with regard to their specific area of responsibility .[28] Though obviously very helpful, in the absence of direct finance or other relevant expertise, Select Board members with the most analytical experience might be an appropriate alternative.

Who is responsible? Select Board.

Recommendation 7.3. Increase transparency and comprehension through the professional revision of 1) the documentation for budget policies and procedures; and 2) the format and content of financial reports. Improved documentation of budget policies and procedures will aid in the consistent application of processes and metrics across Town and School departments, as well as create an opportunity to better educate the public and Town Meeting Members on the financial workings of the Town. Current financial reports provide a great deal of detail but fall-short in trend analysis and in the tracking of the high-level financial data important to financial decision making. For instance, total debt outstanding at fiscal year-end is not included in reports.

Who is responsible? Select Board, Town Administration, School Committee, and PSB administration.

Town-School Partnership

Recommendation 8

Revisit the structure, including the revenue allocation formula, that forms the Town-School Partnership (TSP) to ensure both that it is better understood and that it best meets the needs of the Town and Schools in a dynamic manner. BFAC was specifically charged to address the existing Town-School Partnership revenue allocation formula. The existing formula was memorialized in 1994 and was designed to minimize friction and yet maintain what was the general historic allocation of revenue between the Town and the Schools, which is frequently misunderstood as being, but never was, a fifty-fifty allocation.

[28] The individual responsible for financial matters would be expected to sit on the Audit Committee, attend meetings of the Retirement Board, meet with the Town's financial advisor, work on the disclosure and communication of financial matters, present to Town Meeting, spearhead the Financial Summit, etc.

The Partnership is designed to initially allocate increases and decreases in marginal revenue (excluding override revenues) on a fifty-fifty basis after the deduction of certain shared expenses. However, there are and always have been annual adjustments made to deal with practical issues that do arise. Therefore, a fifty-fifty revenue split is not entirely accurate and has never been the case.

Most municipalities that BFAC has looked at have some mechanism for revenue allocation between the school side of the ledger and the general government side of the ledger. Brookline's Town-School Partnership is not broken. However, it does require simplification, updating, and clarification. BFAC has met with staff and has encouraged them to focus on a redesign that considers and/or reflects the following:

- Create a Town-School manual that allows current and future employees to understand what is supposed to happen within the Partnership. At present no documentation of the Partnership exists beyond the original two-page memorandum of understanding.
- Eliminate the misperception that the Partnership reflects a fifty-fifty split of revenue.
- Utilize fully allocated costs and show them so that everyone can see and understand them.
- Consider eliminating the focus on marginal revenue and instead use total revenue.
- Make sure that costs allocated to the Schools conform with Department of Elementary and Secondary Education (DESE) requirements.
- Agree on how to incorporate changes in student enrollment (increases or decreases).
- Agree on how to deal with special education costs (taking into account whether any such costs are embedded in the formula for changes in student enrollment).
- Consider whether the establishment of a reserve for unanticipated special education costs is needed and/or appropriate.
- Determine the appropriate revenue split but recognize that certain functions are performed by the Town on behalf of the Schools and that the funds for those services must be available to the Town. This would be accomplished by making sure those costs are considered shared costs that are deducted prior to any split.

Who is responsible? The Select Board, School Committee, and their respective administrations.

As of this writing, BFAC has been informed that meetings among senior staff from the Town and Schools have been held and that the process of addressing the TSP is underway.

Capital Investments

Recommendation 9

Create an enhanced capital planning process covering the Town and Schools. Capital investments have a major impact on the Town's financial outlook, yet the current capital investment process is failing the Town and in need of reform. As noted in item 9 in the S&P Top 10, "A government with a comprehensive assessment of capital and infrastructure requirements, including deferred maintenance, will be better positioned to manage these requirements over time in the most cost-effective way."[29] Additionally, a Long-Term Capital Investment Plan is a key input into a formal debt management policy (Item #8, S&P Top 10).

Substantial Underfunding of Capital Maintenance and Renewal

The long-running economic recovery, Boston's strong economy, and the concurrent building boom, have resulted in dramatic increases in construction costs, far outpacing the overall inflation rate. From January 2010 to January 2019, non-residential construction costs in Boston increased by 35.6 percent[30]. A dollar of refurbishment and construction spending by the Town accomplishes much less than it did a decade ago. This is severely hampering the Town's ability to keep pace with both the maintenance of and required long-term investment in its infrastructure, facilities, and equipment.

Notwithstanding the recent completion of the new Coolidge Corner School and the current project to refurbish and expand Brookline High School, current capital spending on the renewal and replacement of the Town's K–8 schools is backlogged driven in part by a sizeable increase in the number of school age children. Annual maintenance of School facilities is repeatedly underfunded, in part to provide more dollars for School operations. In addition to the Schools, the 2018 Strategic Asset Plan has identified many unmet non-

[29] See Appendix E for a link to the full text of S&P Global's *The Top 10 Management Characteristics of Highly Rated State And Local Borrowers*, and Appendix F for the complete Moody's Scorecard.
[30] Rider Levett Bucknall Intelligence. TPI Tool.

school capital needs. Brookline's investments in streets and roadways, information technology, and analytical infrastructure are below what is required to deliver the quality and scale of public services that the Town has historically provided, let alone to be prepared for a less benign financial future.

Limited Transparency, Analysis, and Long-Term Planning

The current Capital Improvements Program (CIP) process functions primarily as a budgeting exercise, rather than a true long-term planning tool. Capital projects are planned independently of each other and without a Town-wide analytical, criteria- based framework to evaluate their relative merits. Town departments and School projects are not on equal footing and there is no process to evaluate their relative prioritized importance. As a result, there is limited transparency as to the rationale used to develop the current CIP.

Alarmingly, there is also little to no focused discussion of affordability. The Town has been lacking a framework on affordability. How do we define affordability or measure it? The absence of a clear analytical framework makes it difficult to differentiate needs from wants.

Recent major capital projects have been undertaken absent a rationalized allocation of capital and debt capacity. They have been conceptualized and designed without established budget parameters reflective of the financial condition of the Town and future capital needs. In the case of the Coolidge Corner, Brookline High, and Driscoll projects, program and design decisions determine the estimated project cost which is then value-engineered, something very different from designing and building to meet an available budget. In question also, is how much analysis is routinely conducted on the longer-term impact of Capital investments on both future operating budgets and the Town's financial health.

Revised Capital Planning Process

The capital investment process is too complicated, too complex with too big an impact on the future financial condition of Brookline to let the current process remain in place. The Town and PSB should commit to developing, and updating annually, a comprehensive Long-Term Capital Investment Plan (LTCIP) having a ten-year horizon. An important component of the LTCIP will be addressing deferred maintenance. Deferred maintenance

can both shorten the useful life of assets and reduce the operating efficiency and quality of service provided. The LTCIP should prevent a repetition of the current situation of $400 million to $600 million of building projects seeking funding in a short period of time.

The Long-Term Capital Improvement Plan should include opportunities to:

- Improve the quality and efficiency of Town and School activities (e.g., IT, energy conservation, fields/parks, transportation, schools as community centers)
- Fund capital investment projects that support future economic growth and development and thereby lead to increased tax revenues
- Reduce operating expenses and expand the tax base by reviewing Town assets for potential disposition
- Leverage private development projects' support of the Town's capital investment needs as a focused and transparent part of the project approval process

Require Analytic Rigor

All existing Town and PSB capital assets should be inventoried and assessed regarding existing conditions and deferred maintenance under a common scorecard, the results of which should be published and easily accessed by residents. The results should be updated annually. This scorecard will provide residents a clear understanding of the condition of Town property and insights into the magnitude of required capital improvement and maintenance work.

Going forward, all capital investment proposals, for both the Town and PSB, need to be evaluated and prioritized with a consistent analytical and strategic rigor within the framework of the comprehensive ten-year rolling Long-Term Capital Investment Plan. Using a common evaluation template for all projects:

- To the extent possible, a full financial analysis should be conducted showing assumptions on investment horizon (life of asset), cost of capital, return on investment (ROI), payback time, etc. as a result of reduced operating expenses and/or increased revenues. The impact of a project on future (long-term) operating expenses should be fully considered.
- For capital investments with only partial or no direct financial benefits, proposals must identify their non-financial benefits and explain why they are needed as opposed to nice to have. Examples of non-financial benefits include, but are not limited to, educational programs, strengthening

neighborhoods, meeting climate action goals, increasing public safety, promotion of economic opportunity, and improvement of service quality. Investment capacity and affordability as they will be defined in the future, must determine to what level such investments will go forward.

- Whenever possible, a range of investment levels should be considered, with the differences in the costs and benefits between "bare bones," "Cadillac" options, and mid-points defined.
- Show the impact of a project and its funding on Brookline's AAA rating and its long-term impact on taxpayers.
- The level of analytical support should be determined by the size of the project. We believe that any proposal in excess of $500,000 needs to go through the full analysis with smaller projects requiring less formal attention.

Capital Investment Leadership

Absent a CFO function in the Town, there is no clearly identified executive making or guiding the overall capital investment process or enforcing a consistent investment analysis. The governmental bodies responsible for providing fiduciary oversight [31] have failed to do so adequately. They often do not have the tools, training, and education necessary to adequately execute their responsibilities or, if they do, they do not have the mandate, time or make it a priority to properly execute their responsibilities.

We believe the impact of Capital Investments is so consequential to the financial future of Brookline that the revised capital investment planning process must include a codified position in Town government with primary responsibility for developing and overseeing the enhanced capital investment process. Ideally this position would be assigned to a Select Board member, but if such a step were not feasible it would need to be the Town Administrator who would be responsible for all the dimensions identified for a focused, transparent, and analytical approach to Capital Investments.

This position should control and lead the Capital Investment process across all projects in both the Town and Schools, as follows:

- Drive a pro-active capital investment process
- Develop and articulate the capital planning process and rationale

[31] Town Meeting, Select Board, Advisory Committee.

- Ensure the development of and adherence to a Long-Term Capital Investment Plan
- Enforce the requirement for analytical rigor in all proposals
- Develop alternative funding strategies that do not rely solely on the taxpayers, including the leveraging of private investments and State and Federal support
- Develop a formal look-back review of past capital investment projects relative to each project's original assumptions (costs, benefits, etc.)
- In conjunction with Planning & Economic Development, identify creative opportunities for public investment to stimulate private economic development
- Lead regular assessments of Town assets as to their continued utility along with a cost-benefit analysis on retaining ownership vs. disposition
- Educate the public and Town governance bodies on the principles of good capital planning and budgeting, such as short-term versus long-term costs, affordability, distinguishing between needs and wants
- Educate the public and Town Meeting on how priorities have been set, the timing and size of future investments, and how the taxpayers will be affected
- Review and opine on all Warrant Articles that may affect the affordability and flexibility in Brookline's Capital Investment needs
- Strengthen financial discipline and oversight by ensuring capital investments will be overseen by a body independent of the end user, thereby eliminating potential conflicts of interest and reducing the potential for over-improved and over-designed projects far exceeding functional requirements. The roles of both the Building Commission and the Advisory Committee in providing this oversight also require review.

BFAC believes that the long-range and capital planning process would be significantly improved by an additional budget position in the Town Administrator's staff. Currently, the staff that works on developing and monitoring the operating budget and on long-term analysis consists of the Town Administrator, the Deputy Town Administrator, and the Assistant Town Administrator. Although the School Department staff assists on capital projects in relation to School needs, the press of keeping up with the operating budget, addressing unforeseen expenses, and responding to Town Meeting votes, which often involve additional expenditures, means that it is difficult for the limited staff to spend adequate time on long-term planning and capital projects. BFAC believes that an additional staff person would improve that situation and lead to clearer information and choices for the Advisory Committee, Town Meeting, and Town voters.

Who is responsible? The Select Board, School Committee, the Capital Subcommittee of the Advisory Committee, and respective administrations**.**

Financial Improvement Plans

Overcoming the financial challenges facing the Town will require a greater level of rigor in Brookline's strategic and operational planning in order to achieve the next level of operating efficiency and effectiveness for both the Town and PSB. Brookline's structural deficit shows the current approach is most vulnerable when the Town does not establish long- and short-term goals and does not gauge success in achieving stated goals. This report is focused on how to create a culture that is forward looking, proactive, focused on specific objectives, and dedicated to continuous performance improvement.

BFAC recommends establishing regularly scheduled periodic evaluations of key programs and services to identify potential cost savings and opportunities for the redeployment of financial resources. As an example, the outsourcing of a service (or a hire to bring a service in-house) should include a schedule for periodic lookbacks to determine if the projected cost savings were achieved. Similar schedules should be developed for existing services and positions. This same evaluation technique should be applied to the PSB budget.

Recommendations 10 and 11

Recommendation 10. Develop annual Financial Improvement Plans (FIP's) to pursue high-impact opportunities to increase revenues (e.g., PILOT program, AirBnB fees, building utilization) and better manage costs (e.g., special education medical expenses, building maintenance, new school construction standards, playground and fields).

Recommendation 11. Annually assess and publicly report the extent to which any projected cost reductions or revenue increases in the Financial Improvement Plans, actually materialize and why any shortfalls arise. Seek outside independent expertise to a) assist, as needed, in the evaluation and refinement of Financial Improvement Plans, and b) to provide independent monitoring of the Town's and School's compliance with Financial Improvement Plans and the BFAC Implementation Plan. The Urban Institute and the Bloomberg Harvard City Leadership Initiative are two widely respected

organizations that may provide such services for modest (or no) cost. It is not required that a single entity provide both services described above.

Financial Improvement Plans are highly targeted planning efforts to pursue high-impact opportunities to increase revenues and better manage costs. In the near term, BFAC recommends revenue enhancement FIPs for the Payment in Lieu of Taxes (PILOT) program, school rental revenues, cemetery revenues, and AirBnb taxes. In the area of cost management BFAC recommends FIPs for Norfolk County fees, and parking enforcement costs and revenues. Future areas for FIPs include special education medical expenses, building maintenance, new school construction standards, fire and ambulance services, and recreational field infrastructure.

The form of an FIP and draft FIPs for certain programs is outlined in Appendix J. All FIPs include:

- **Opportunity summary**: Executive summary of what the potential enhancement is, whether cost savings, or revenue increase (or both.) This section should be a lettered list with a description, impact type, total potential impact, and any related key information. It should also include a description of trade-offs (opportunity costs) to be considered.
- **Key implementation steps**: Key implementation steps required to make such a change. This section should be a lettered list with high-level milestones that could serve as a model for a project manager to use to build out a project plan.
- **Annualized opportunity**: Summary of what the potential impact is. This section should be a lettered list with a description and total potential impact.
- **Implementation issues**: Summary of key issues that will need to be considered, including a description of each issue and its potential impact.
- **Realization confidence and review**: Summary of confidence this enhancement can be passed, and review criteria to look back on. This section should contain a lettered list of confidence % with adjusted impact and lookback time frame.

BFAC recognizes these suggested revenue enhancements and cost management areas alone will be insufficient to address the structural deficit.

Who is responsible? Select Board, School Committee, and their Administrations.

Expanded Economic Development

Recommendation 12

Aggressively pursue new economic development to increase the vibrancy of the town's economy, generate new property tax revenues, minimize the burden on residential taxpayers, and expand Payment in Lieu of Taxes (PILOT) revenues. To this end, enact zoning changes to incentivize new development and encourage increased density in designated areas. A significant commitment to strategic planning and public education will be necessary to achieve this goal. Brookline's persistent gap between revenue and expenses is impossible, both technically and politically, to resolve solely through expense cuts and naturally occurring revenue growth. Most of the easiest-to-accomplish cost reductions and revenue enhancements have already been implemented. To maintain both a level of service acceptable to the community and the ability to undertake new capital projects, future operating overrides and debt exclusions will be necessary.

Economic development, particularly commercial development, will continue to aid in the mitigation of the size and frequency of future overrides and improve Brookline's economic resiliency during future economic downturns by providing:

- New revenue sources from an expanded tax base
- Diversification of the Town's major asset class – taxable property

Brookline derives the vast majority, approximately 78 percent,[32]of its revenue from property taxes**.** In effect, we collect "lease" payments from all residential and commercial property owners in proportion to the value of their properties. This tax base was valued at approximately $26.5 billion[33] in FY 2020. The collective value of the land and buildings in Brookline is the Town's single most valuable asset, even though it owns outright only a small fraction of the property.

Proposition 2½ caps the annual increase in the Town's total tax levy to 2.5 percent, exclusive of any additions to the tax base or overrides. This protects property owners against runaway tax increases due to inflating real estate prices. This constraint on revenues, unfortunately, is not matched by a cap on the Town's costs, many of which are

[32] Property tax revenue constitutes approximately 78 percent of non-enterprise revenue.

[33] Town of Brookline Select Board Fiscal Year 2020 Classification Hearing, December 3, 2019.

increasing at a far greater rate than 2.5 percent annually.

To achieve tax growth in excess of the Proposition 2½ limit, the Town must grow its tax base. There are two ways of doing this – either new development or new value creation through the renovation or expansion of existing properties. The degree to which a development will have a positive impact on the Town's bottom line, how much it closes the gap between revenues and expenses, will depend on the amount of new revenue it contributes offset by the new demand for town services it generates. The amount of revenue generated by a development is a function in part of its size, type (commercial vs. residential) and ownership (private vs. non-profit). Typically, commercial properties have a far lower demand for Town services, and therefore a smaller impact on expenses, than residential properties.

In general, the Town receives the most financial benefits from privately owned commercial development as compared to residential thanks to this less-intensive use of town services, and because the commercial property tax rates are approximately 64 percent higher than those of residential properties. Hotels provide a further financial benefit as they pay an additional room excise tax.

BFAC recognizes that there are also non-financial considerations that drive land use and development considerations. Brookline has a need for more housing and values walkability, sustainable development, and open space. Development, in addition to increasing Brookline's fiscal resiliency, can also address these other goals. The Town's desirability provides some leverage during the approval process to obtain linkage fees, improvements to the public realm, and other public benefits. Careful planning will ensure a proper balance among residential, commercial projects, and these other considerations.

Successful economic development is a complex process and depends upon a robust and opportunistic long-range planning process. Brookline has a good foundation for this work in the 2018 Major Parcel Study and the Economic Development/Long-Term Planning Division 5-Year Strategy and Work Plan,[34] which identify study corridors and target initiatives. BFAC has identified additional resources and requirements for a meaningful expansion of economic development, including:

[34] Information on these reports and the Economic Development & Long-Term Planning Department is found on the Town's website: https://www.brooklinema.gov/1332/Econ-Dev-Long-Term-Planning-Division.

- A prioritization and renewed commitment by the Select Board to provide sustained leadership to economic development efforts. Consideration should be given to have a Select Board member be designated as having primary responsibility for the economic development portfolio along with a commitment from the full Board to facilitate more than one study committee at a time. Successful economic development will also require the advocacy and support by the AC's Long-Term Policy and Planning subcommittee and the education and support of Town Meeting.
- Significant zoning changes to incentivize new development, encourage increased density in designated areas, and support the conclusions and initiatives identified in the EDAB plan. Resources may be required to hire outside consultants.
- Advocating for the strengthening of the regional mass transit system. Encouraging transit-oriented development is necessary to support the Town's climate action goals. Investment in state-controlled transit infrastructure is essential to successfully promote this type of development.
- Successful economic development happens when there is sufficient profit motivation for a developer to risk capital. A balanced approach in addressing the Town's many goals and priorities is a requirement to successfully promoting economic development.
- A commitment to an on-going public education process to inform residents of the importance of economic development to the Town and to address concerns relating to changes in zoning and density.

The community's expectations for economic development must be clearly set. Under current financial conditions, approximately 465,000 square feet of new development will be required to support the debt service for a single new $100 million school facility.[35] New economic development is but one component, of what must be a multi-faceted approach to dealing with the gap between the Town's revenues and its expenses.

Unlocking the Value of Land Owned by Non-profit Entities

Brookline cannot legally compel non-profit organizations to pay real estate taxes. Instead, communities and non-profit organizations can, and do, negotiate voluntary arrangements known as Payments in Lieu of Taxes (PILOTs). PILOTS may consist of a mix of cash payments and community services. Brookline has PILOT agreements with many of its

[35] Details on this analysis are found in Appendix G.

non-profits. As noted above, the total value of the Town's property tax base is approximately $26.5 billion. In addition, approximately $1.65 billion of the real estate in Brookline is owned by the Town or other government organizations, such as the MBTA and the Brookline Housing Authority. Another $1.35 billion is owned by exempt organizations, of which 57 percent ($765.7 million) is owned by private schools and universities. In FY 2020 the Town received $1.5 million in PILOT payments from tax-exempt corporations. In the summer of 2019 Partners Healthcare purchased two properties on Boylston Street for $115 million and has been granted an exemption from taxes of approximately $1.8 million based on their use of the property[36].

Designing and implementing an enhanced PILOT program to increase these payments, and the execution of tax-certainty agreements, such as the one entered into with Children's Hospital for One Brookline Place, in exchange for new zoning is one of the suggested FIPs. BFAC also recommends that Brookline's PILOT payments be disclosed annually, such as is done by the City of Boston, and benchmarked against other municipalities.[37]

Who is responsible? Select Board and Town Administration.

Reserves

Recommendation 13

Recommit to maintaining or exceeding, except for periods of extraordinary circumstances, minimum reserve levels established in the 2011 Fiscal Policy Review Committee Final Report, to restore funding as soon as possible to meet those thresholds, to add to present Stabilization Fund policies a minimum annual funding requirement, and implement a new policy to increase total fund balances[38] to a target of 15 percent of Revenues within five to six years. (AA: 30% ≥ n > 15%). Brookline has established reserve policies that were most recently reviewed and updated in 2011. Reserve funds are dollars set aside annually within the Town budget to provide a funding

[36] Gary McCabe, Chief Assessor, December 23, 2019.

[37] https://www.boston.gov/finance/payment-lieu-tax-pilot-program.

[38] Total Fund Balance consists of Reserved and Unreserved Funds and consists of the following funds: Appropriated Budget Reserve, Unreserved Fund Balance/Stabilization Fund, Liability/Catastrophe Fund, Overlay Reserve.

source for extraordinary or unforeseen expenditures. The Town's unassigned funds[39] are funded via Free Cash.

BFAC reviewed the Town's recent historical reserve balances, financial policies for the funding and use of reserves, the role of reserves in establishing the Town's credit rating, and Brookline's standing in relation to other Massachusetts AAA rated municipalities.

Historical Reserve Balances

The Table 2 below (and on page 17) shows Revenues and Fund Balances for the period 2014-2019. Audited financial statement revenues and fund balances are used to calculate fund balance ratios consistent with Brookline fiscal policy as well as credit rating agencies methodology.

Table 2. Revenues and Fund Balances

In $MM	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Revenues	$231.68	$232.77	$250.64	$276.88	$292.70	$308.32
Total Fund Balance	$26.12	$24.55	$28.85	$33.69	$35.72	$37.90
- Unassigned Funds	$23.87	$22.58	$21.35	$23.39	$24.73	$26.64
- Assigned Funds	$2.25	$1.98	$7.50	$10.30	$10.99	$11.25
Overall Fund Bal. as % of Revenues	**11.27%**	**10.55%**	**11.51%**	**12.17%**	**12.20%**	**12.29%**
Unassigned Funds Bal. as % of Revenues	**10.30%**	**9.70%**	**8.52%**	**8.45%**	**8.45%**	**8.64%**

Existing Reserve Funding Policies

Many of Brookline's reserves are primarily funded through the allocation of the Town's Free Cash. Free Cash is the remaining, unrestricted funds from operations. The Free Cash policy specifies how Free Cash is distributed into a specific sequence of funding priorities. Referred to as the "waterfall," this funding sequence:

1. First allocates 0.25 percent of the prior year's net revenue to fund the Appropriated Budget Reserve

[39] Unassigned General Fund Balance =Unassigned Fund=Unreserved General Fund Balance + Stabilization Fund (as seen in audited financial statements) =unreserved fund balance/stabilization Fund (as seen in Annual Budget Book).

2. Then should allocate by an amount necessary to maintain the Unassigned Funds (Unassigned Fund Balance plus Stabilization Fund) at no less than 10 percent of Revenue (with a target of 12.5 percent)
3. Then, to the extent necessary, allocates amounts required to maintain the Liability/Catastrophe Fund at 1 percent of the prior year's net revenue
4. Remaining Free Cash is then distributed to accounts which are not included in reserves, in the following order:

    a) The Capital Improvement Program (CIP) in the minimum amount of 7.5 percent of the prior year's revenues; [40]
    b) The Affordable Housing Trust Fund; and
    c) Other trust funds related to fringe benefits, unfunded employee benefit liabilities, or other one-time uses, including additional CIP.

The Town has been consistently adhering to policy in its annual funding of the Appropriated Budget Reserve. That is not the case, however, for the Unassigned Fund Balance, which has been consistently below the minimum target of 10 percent of Revenues since 2014. The combined balance is presently at 8.64 percent of Revenue, or about $4.2 million below policy.

Credit Ranking and Peer Communities

Total Fund Balances are a critical component of Brookline's credit rating, as is detailed in the "Finances" section of the Moody's Scorecard on page 21. Total Fund Balances, particularly unassigned funds, are also a measure of the Town's ability to respond to unforeseen expenses or changes in economic conditions. Moody's considers both total Fund balances and the change in Fund balances over a five-year period, each as a percentage of revenue.

Brookline's **total** fund balances[41] are presently at 12.3 percent of Revenue. This equates to a single A level under Moody's guidelines (5 percent to 15 percent). It is the worst fund balance level as a percentage of revenues among thirteen comparable Massachusetts Moody's AAA rated communities. The Town's unassigned fund, at the previously noted 8.64 percent of Revenues, ranks the town twelfth among the same thirteen communities.

[40] In practice the CIP is funded only up to the 7.5 percent level.

[41] Total Fund Balance consists of Reserved and Unreserved Funds and consists of the following funds: Appropriated Budget Reserve, Unreserved Fund Balance/Stabilization Fund, Liability/Catastrophe Fund.

A small portion of this shortfall in unassigned fund balances is due to the failure of recent operating overrides to include funds for a reserve contribution equal to 10 percent of the override revenues. However, the majority of the underfunding is due to the utilization of Free Cash for priorities having a lower rank in the Free Cash policies.

Both the absolute level of reserves and their downward trend are particularly concerning in the context of the very robust economic environment of the last 10 years. A priority should be the restoration of Brookline's unassigned funds to at least 10 percent of Revenues to comply with existing Town fiscal policies and to increasing total fund balances to a minimum of 15 percent of Revenues. Projections show this can be achieved within five years while still providing funding to the CIP from Free Cash at the required level of 7.5 percent of prior year net revenues. However, any items below the CIP in the waterfall are unlikely to be funded.

Recommendation 13.1. Restore Brookline's unassigned funds to conform with longstanding Town Fiscal Policy of 10 percent of Revenues, with a target goal of 12.5 percent of Revenues. This can be achieved through the addition of a Stabilization Fund policy as detailed below. BFAC recommends the use of the Stabilization Fund for the restoration of unassigned funds because it is governed by use limitations which shield these funds from being diverted for non-extraordinary purposes.

Recommendation 13.2. Establish a Stabilization Fund Policy of minimum annual funding equal to 0.67 percent of Revenue, which at current levels will be approximately $2 million annually. This level of funding should restore the unassigned fund balance to the 10 percent target within five years. In the event Free Cash will be insufficient to restore the unassigned fund balance in this five-year time horizon, the necessary funding should come from either overrides or directly from the operating budget.

Recommendation 13.3. Replenish and maintain the Stabilization Fund at 50% of the new Unassigned Fund Balance target.

Recommendation 13.4. Total Fund Balance Policy: Establish a policy for Total Fund Balance (total reserves) since this is a primary component of Moody's credit rating. The floor should be the present level of 12.3 percent of Revenues, with a goal of 15 percent to be reached over the next five to six years. This goal is consistent with the recommendation of the Town's financial advisor and would bring reserves to the bottom level of the AA rating range.

Table 4, "Free Cash and Fund Balance Projections," shows Free Cash and Fund Balance projections for 2019 – 2025, incorporating BFAC recommendations.

Table 4. Free Cash and Fund Balance Projections

$ in Million	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Revenues	$308.32	$304.29	$322.64	$331.41	$343.16	$356.60	$366.33
Free Cash	$11.15	$11.68	$14.39	$12.17	$12.91	$13.26	$13.73
Fund Balances							
Assigned	$11.25	$11.68	$14.39	$14.37	$15.11	$15.46	$15.93
Unassigned	$26.64	$26.86	$29.06	$31.26	$33.46	$35.66	$37.86
Overall Fund	**$37.90**	**$38.55**	**$43.46**	**$45.64**	**$48.57**	**$51.12**	**$53.79**
Ratios							
Overall Fund Ratio	12.3%	12.7%	13.5%	13.8%	14.2%	14.3%	14.7%
Unassigned Ratio	8.64%	8.83%	9.01%	9.43%	9.75%	10.00%	10.34%

Table 4 Notes:

- Revenues:
  - 2019: Audited draft financial statements,
  - 2020 onwards: forecast based on town budget.
- Free Cash 2019-2021 – actual certified by the Commonwealth.
- Free Cash estimate for 2022–2025 is based on a three-year historical average.
- The process of certifying Free Cash causes it to be available for appropriation two years later. For example, Free Cash to be appropriated in 2021 is the amount as of 2019.
- Fund Balances: assigned and unassigned 2019 actual, 2020 onwards projection based on analysis.

Who is responsible? Select Board and Advisory Committee.

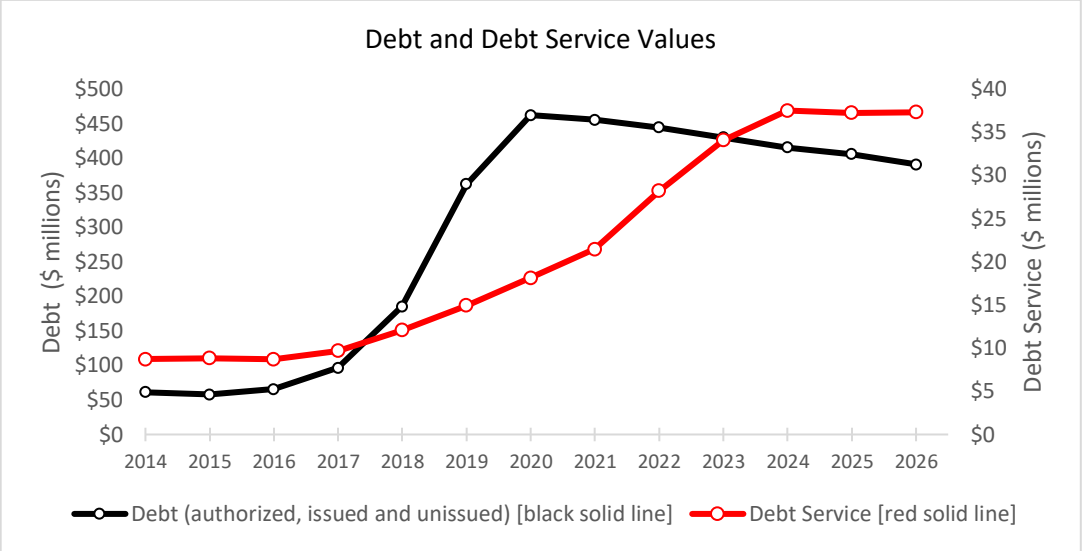
Debt and Debt Service

Recommendation 14

Establish a maximum debt policy based on the ratio of Direct Debt to Operating Revenue. Chart 4 seen below and again on page 53, provides a graphical view of historic

and projected debt from FY14 to FY26.[42] At the end of FY 2017, the Town had $96 million of outstanding general fund debt with a total of $9.7 million in associated debt service. Since that time the combination of issued and authorized but unissued borrowings for the High School and the Florida Ruffin Ridley School[43] projects, plus authorized but unissued debt for Driscoll, along with borrowings under the CIP have increased the total outstanding and authorized but unissued general fund debt to a projected $462 million by the end of FY2020, with projected associated debt service of over $37 million by FY 2024[44]. These figures do not include costs for Pierce, or a ninth school, or any other possible major capital projects. They also exclude enterprise debt.

Chart 4



Brookline has a number of metrics it uses to assess its debt profile and a number of debt management policies.[45] BFAC believes the Town may only be in compliance with these guidelines in their totality when it does not include debt issued via debt exclusions. Though BFAC agrees that debt exclusions are evaluated differently by the rating agencies,

[42] Numbers through FY19 are based on audited financials. Numbers for FY20 and beyond are based on the FY 2021–FY2025 Long Range Financial Plan (draft). Debt service increases as authorized but unissued debt gets issued. Debt service will be lower than projected if the Town finances on terms similar to those obtained in recent years.

[43] The Coolidge Corner School was renamed in the November 2019 Special Town Meeting to the Florida Ruffin Ridley School.

[44] FY 2021–FY2025 Long Range Financial Plan (draft). Debt service increases as authorized but unissued debt gets issued. Debt service will be lower than projected if the Town finances on terms similar to those obtained in recent years.

[45] Debt per capita shall not exceed 6 percent of per capita income; Debt per capita shall not exceed $2,663 (for FY19); total debt shall not exceed 2.5 percent of Assessed Value; 60 percent of Net Direct General Fund Debt shall mature within ten years; and the CIP financing policy. Town of Brookline FY2020 Financial Plan, page VII-2.

exclusions are not ignored. The Town's financial advisor has advised BFAC that the agencies always consider total debt and the burden it places on residents because there are limits to how much people will tax themselves and what businesses can support.

Proposed capital projects over the next five fiscal years could add at least an additional $100 million to $235 million of debt[46] to the Town's balance sheet. When added to the Town's existing unfunded pension and OPEB obligations, the Town could have over $1 billion in liabilities.[47]

As highlighted in Table 1, "Abridged Moody's Scorecard," on page 21 and in greater detail in Appendix F, Moody's looks at several debt statistics in its overall credit evaluation. The Town performs well in some and not as well in others. One key measurement is the ratio of General Obligation Debt to Total Revenues.

The two charts on the following page, Chart 5 and Chart 6, show how Brookline's increased debt has impacted this key statistic, causing the Town to move from a AAA level as recently as FY18, to an A level at the end of FY20. Given the proposed projects outlined above,[48] it is BFAC's view that the Town will be in the A range for at least the next decade. The A range provides a fair amount of latitude, but it is the absolute lowest category that the Town should accept. BFAC recommends that a Policy be adopted, and strategies examined, to ensure that the Town meets at least the A criteria with the goal of getting back to AA within a to-be-defined time frame, not to exceed fifteen years.

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[46]This reflects placeholder amounts for Pierce ($100 million – $150 million for Town's share) and, if constructed, a ninth school ($85 million) but does not include the debt required to renovate or expand the Baker School, the possible purchase of Newbury College parcels (and construction there if not for a ninth school) or additional borrowings under the CIP. These numbers do not consider inflation or the amortization of outstanding debt.

[47] The draft FY2019 Audit indicates unfunded pension liabilities of $240 million and unfunded OPEB liabilities of $237 million as of June 30, 2019.

[48] Pierce, a ninth K-8 school, acquisition of Newbury and construction if not a ninth school, additional CIP, inflation, etc.

Chart 5[49]

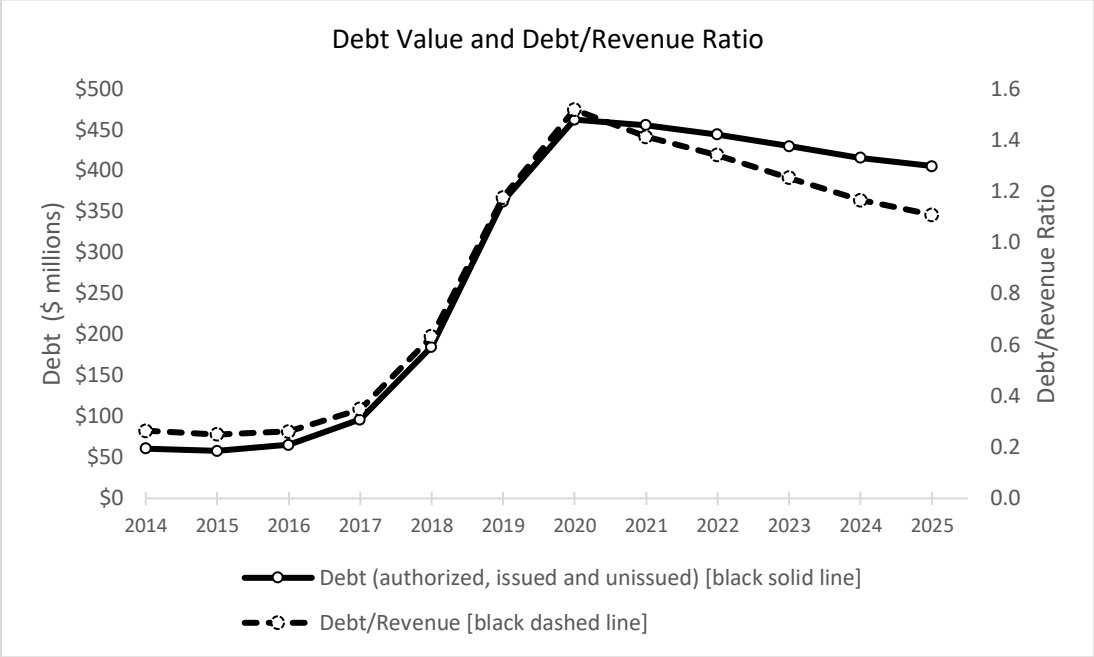
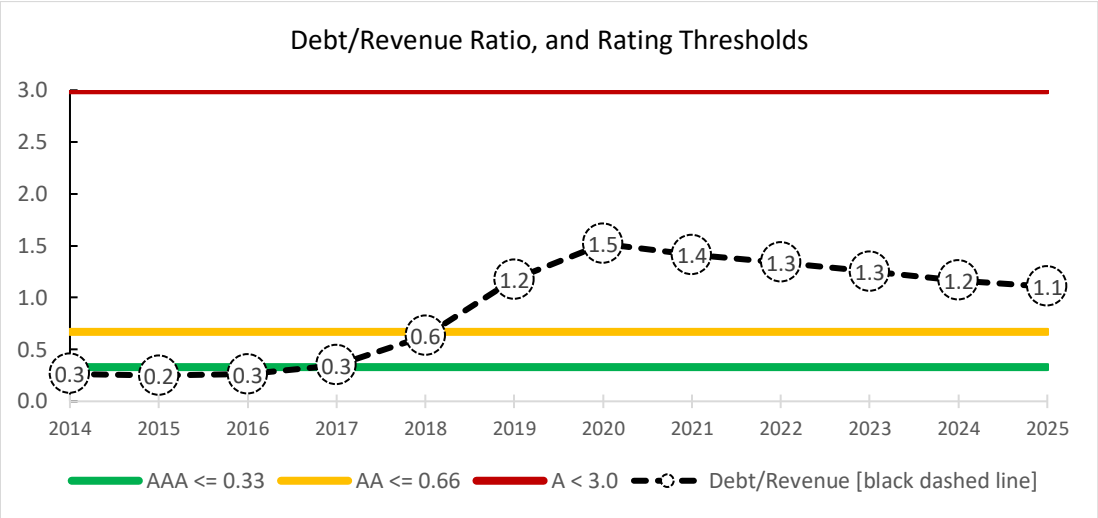


Chart 6[50]



Debt Service

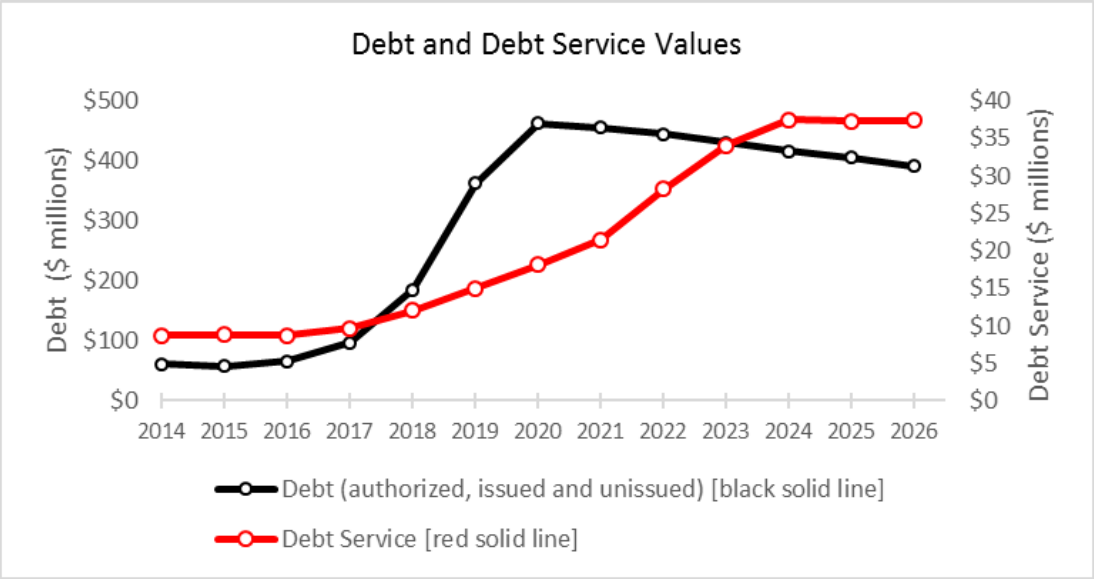
[49] Numbers through FY19 are based on audited financials. Numbers for FY20 and beyond are based on the FY 2021–FY2025 Long Range Financial Plan (draft). Debt service increases as authorized but unissued debt gets issued. Debt service will be lower than projected if the Town finances on terms similar to those obtained in recent years. Excludes amounts for Pierce and, if constructed, a ninth school, debt required to renovate or expand the Baker School, the possible purchase of Newbury College parcels (and construction there if not for a 9th school) or additional borrowings under the CIP.

[50] Excludes amounts for Pierce and, if constructed, a ninth K-8 school, debt required to renovate or expand the Baker School, the possible purchase of Newbury College parcels (and construction there if not for a ninth school) or additional borrowings under the CIP.

Debt service is the annual amount of interest and principal that must be paid in order to meet the Town's obligations to bondholders and banks. The Town has no control over the cost (interest) of its debt and has been extremely fortunate that recent borrowings have occurred in a very benign low interest rate environment. The Town can control how fast or slow the debt is (amortized) paid off. The debt service burden is what taxpayers ultimately see after they have voted for a debt exclusion or the Town borrows for its Capital Improvement Programs.

As shown Chart 4 (on page 50 and repeated below), the full impact of debt exclusion votes does not appear on tax bills until several years after those votes have occurred.[51] This is because, at the time of a debt exclusion vote, the terms of the borrowing (interest and amortization schedule) and therefore the amount of debt service are not known. In the current environment, with multiple large-scale projects being financed over a small number of years, there may be unanticipated shocks to residents when tax bills fully reflect the costs of multiple debt exclusion votes. If taxpayers are not prepared ahead of time, there is the possibility that adverse reactions could stymie any additional requests for revenues outside of Proposition 2½.

Chart 4

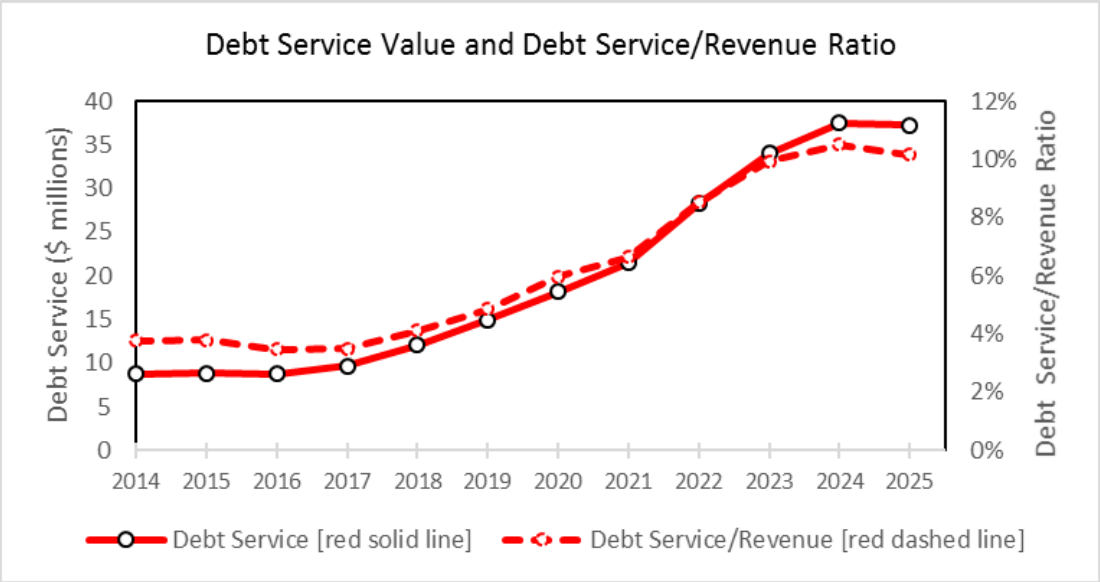


[51] Note how the debt level increases years ahead of the debt service level. Debt declines as it is amortized, but the debt service remains constant for the life of the debt (assuming level pay or mortgage-like debt.

This speaks to the need for better education and communication with voters. BFAC strongly recommends that the Select Board and School Committee be much more transparent with the ultimate costs and benefits that taxpayers are agreeing to with debt exclusions and overrides. This is necessary for taxpayers to truly evaluate what they are being asked to pay for.

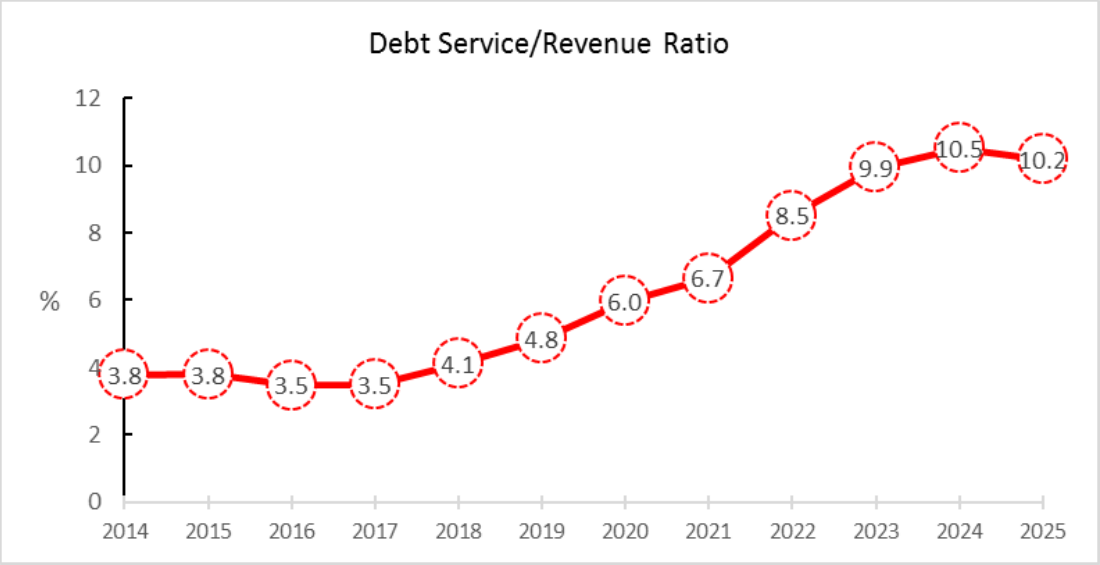
As noted above in the comments from S&P, the ratings agencies are concerned not only with the ratio of total debt to total revenue but also with the ratio of debt service to total revenue. As shown below in Charts 7 and 8, Brookline's debt service to total revenue is projected to triple from levels in FY18 to FY25.[52]

Chart 7



[52] Numbers through FY19 are based on audited financials. Numbers for FY20 and beyond are based on the FY 2021–FY2025 Long Range Financial Plan (draft). Debt service increases as authorized but unissued debt gets issued. Debt service will be lower than projected if the Town finances on terms similar to those obtained in recent years.

Chart 8



Ever increasing absolute levels of debt and debt service, and their priority demand on resources present risks even if they are the result of specific votes by the population to increase their taxes. As taxpayers become more aware of the impact of their decisions, they are more likely to resist additional requests for tax increases which may be needed particularly in times of economic fluctuations.

Debt Structure

Absolute levels of borrowing, the capacity to borrow more and debt service burden are all intertwined. The Town does make decisions about the structure of its borrowings that impact these variables. Shorter amortization results in higher tax bills but results in somewhat lower interest costs and the ability to 'turn over' borrowings to support more activity. Longer amortization more fairly spreads the cost of major long-terms assets to users over different generations. The Town should always be evaluating these issues as it manages its borrowings to maintain financial flexibility and the AAA rating.

Potential Debt Policies

Recommendation 14.1: Maintain Net Direct Debt (total debt level) divided by Revenue to at least the A level (0.67x<n<3x). This recognizes the fact that the Town is already at the A level and establishes a policy to not fall below that level.

Recommendation 14.2: Set a goal to achieve Net Direct Debt divided by Revenue to at least the AA level (0.33x<n<0.67x) by [FY36]. The goal will help ensure the health of the Town's balance sheet. BFAC recognizes the reality that additional school projects could result in debt continuing to grow at rates far beyond revenue growth. A shorter time frame is preferred if it can be reasonably attained.

Recommendation 14.3: Commit to full disclosure and transparency of existing, proposed and planned borrowings when asking taxpayers to approve new debt exclusions.

Who is responsible? Select Board, Input from the Advisory Committee and School Committee.

Taxes, Overrides, and Capacity to Pay

Recommendation 15

Develop a strategy to plan for periodic operating overrides to supplement the resources provided by recommendations 6, 10, and 12 in order to meet the community's expectations of more and better services from the Town and Schools while addressing concerns that would accompany growing the tax base exclusively via accelerated economic development. BFAC recognizes its suggested revenue enhancements and cost management areas alone may be insufficient to address the structural deficit. Proposition 2½ was designed to allow residents to have more control over when to grow the size of their government by taxing themselves. BFAC appreciates that certain statistics suggest Brookline is under-taxed while other statistics suggest Brookline residents are highly burdened by taxes and fees. There is, however, a near universal consensus that Brookline is already a very expensive community in which to live or to do business, and this is borne out by economic statistics. Additional taxes of any kind will exacerbate this issue, particularly for the most vulnerable of our residents.

BFAC believes that raising taxes and fees should generally be viewed as the last choice on the policy menu. To the extent that such steps are required, BFAC strongly recommends the following steps be adopted:

Recommendation 15.1. Any tax should be designed to allow for the broadest range of uses possible. These uses would include a range of projects for which there currently is

insufficient capacity in the CIP, such as open space, parks, and affordable housing. The Town should avoid taxes that are designed as single-purpose levies.

Recommendation 15.2. Voters must be provided more information when presented with future override and debt exclusion ballot questions. This means the establishment of an approach that more fully explains the impact of a single proposed tax in the context of other anticipated override or debt exclusion requests. Voters should be given the information to understand the impact of a ballot question on both their individual tax bills and the Town's finances bearing in mind all authorized borrowings.

Recommendation 15.3. As the Town develops plans, it must provide its taxpayers with the information that allows them to evaluate those plans and their costs on a basis entirely different from the piecemeal approach that is the current norm. Discussion of costs, benefits, trade-offs, and alternatives is a necessary component that should be provided to taxpayers when asking them to make decisions.

Recommendation 15.4. Because operating overrides are dilutive to reserve ratios without additional funding, enact a policy to include in operating override requests the additional amounts necessary to maintain reserves at targeted ratios (the "gross-up"). In addition, until such time as Reserve Fund balances conform with policy guidelines, consideration should be given to including a "reserve restoration" contribution to proposed operating overrides.

Who is responsible? Select Board

Financial Modeling

Recommendations 16 and 17

Recommendation 16. Consolidate Town and School financial planning into a single integrated financial model that reflects fully allocated costs between the Town and PSB and is to be used in all Town and School budgeting, investment, and forecasting decisions.

Recommendation 17. Annually compare the Town's financial position to the Moody's scorecard criteria in order to assess and address any vulnerabilities to preserving Brookline's AAA credit rating.

Brookline currently utilizes a five-year window for financial forecasting and CIP planning, with forecasts prepared separately by teams at PSB and the Town Administrator's office. The approaches of the PSB and Town are not necessarily consistent. BFAC believes it is important for the Town to develop an integrated longer-range view, in order to be able to better plan and measure the impact of revenue and expense elements, including future large capital projects, on the Town's financial condition. The Town's new Open Gov software will help in addressing some of these issues.

Using the Town's current forecasting procedures, updated for FY 2020 budget changes, BFAC developed a ten-year financial forecast model that provides the flexibility to conduct sensitivity analyses, an approach prioritized by BFAC. The long-term forecasting model or a version thereof should be used on a regular basis to analyze future funding alternatives in conjunction with changes considered to the Town's consolidated annual budget. This longer financial planning horizon is critical if the Town is to achieve any of its given priorities: whether climate action and resiliency, school facility upgrades, or other service improvements.

The features of the BFAC model include:

- Establishment of minimum viable product (MVP) standards throughout the model
- Extension of the forecasting period to ten years
- The ability to add new projects and financing options, including debt exclusions and operating override borrowing, beyond the traditional ten-year CIP projection period
- Highlighting of the financial impact of key Town and School operating assumptions
- Clarification of the Town-School Partnership formula with the ability to modify as needed, along with tracking of the fully allocated split
- Calculation of Moody's scorecard ratios to understand areas of weakness and highlight specific types of actions that may be necessary to maintain Brookline's AAA rating
- Display of the interaction of various reserves with both the Free Cash waterfall and Moody's scorecard ratios.
- The ability to expand the model to include detail on the operating budgets of individual departments
- The ability to modify both revenue and expense budget line items on a percentage or other trend basis, and to highlight material cost drivers exceeding a 2.5 percent annual increase.

- The inclusion of the cumulative forecasted surplus and/or shortfall resulting from a maintenance-of-effort budget, broken out by Town and Schools, and the resulting cumulative reserve shortfalls
- The inclusion and impact of potential operating overrides, debt exclusions, and major capital projects on the Town's projected balance sheet, sources and uses of funds statement, and projected Moody's rating
- A clear and concise summary of projected financial performance over the forecast period including individual assumptions underlying revenue and cost projections, a cumulative tracking of operating overrides and debt exclusions, a full allocation of Town and School Partnership splits, projected total liabilities and projected Moody's rating.

Who is responsible? Advisory Committee**,** the Select Board, School Committee, and their administrations.

Resources

BFAC believes that the Town and the Public Schools of Brookline do an extraordinary amount well. Our report contains significant recommendations in the areas of financial planning, management and control with the goal of supporting them to do better in these areas. BFAC has identified improvements in virtually all of the financial and budgetary processes of the Town and the Schools, and recommends more advanced analyses of programs, capital projects and proposals for legislative action by Town Meeting. We are acutely aware that both the Town and the Schools currently lack sufficient resources to meet these increased demands. We believe there is a fiduciary responsibility to address these matters and believe that obtaining appropriate resources is an urgent first step that both the Select Board and the School Committee should prioritize.

The Town's operating and capital budget development is managed within the Town Administrator's office. The Town Administrator employs a Deputy Town Administrator and an Assistant Town Administrator as the professional staff within the department, a level of resources that has not changed in many years. While both of these management positions have strong budget experience and possess the analytical skills and expertise necessary to implement the recommendations of BFAC, these positions are not exclusively dedicated to budgeting and financial management. Rather, their responsibilities include, but are not limited to: preparing for and following up on weekly Select Board meetings, producing the Town's Annual Report, managing the Town Meeting

process including production of the Warrant and the Combined Reports document, supporting the collective bargaining process, Freedom of Information requests, ad hoc committee support, communications and customer service and other timely projects. For the past several years these positions have dedicated substantial time to school facility expansion projects.

While the Town's Finance Director supports the budget process, the position is primarily charged with the management and supervision of multiple line financial functions such as tax and revenue collection, accounts payable, investment of the Town's financial assets, accounting and reporting of financial transactions, assessment and billing of property taxes, procurement of goods and services and payroll/benefit payments.

On the School side, the financial affairs are managed by the Deputy Superintendent for Finance and Administration (as are all human resource functions, all operations and all administration activities). It is BFAC's understanding that staff in the Finance office has decreased since 2005 while the operating budget grew 115% from FY 05 to FY 20 (8% per year). The number of FTEs also increased from 868.26 FTE to 1299.10 FTE (50%) in the same time period that enrollment increased 30%. The Finance Office needs on task, knowledgeable direction, and experienced full-time leadership to bring the fiscal infrastructure into compliance and general good order, including expertise to oversee the School Department's portion of tasks for $400m in school building projects.

BFAC is fully supportive of hiring outside consultants to review the needs of the Town and Schools in the area of financial staffing and is equally supportive of hiring additional staff if that is required. However, BFAC would urge as a concurrent process the examination by both the Town and the Schools of the following:

1. Collapsing the existing data analytics group into a single unit that supports bot the Town and the Schools with respect to certain types of work (such as, analyzing fiscal impact of warrant articles, analyzing fully allocated costs of programs, evaluating programs against pre-determined metrics, etc.). This would help with consistency of analysis and presentation.
2. Reassignment of existing employees to better utilize skills sets and to minimize dilution of efforts that arises when an individual is tasked with doing too many different things.
3. Redeployment of resources resulting from the prioritization of these recommendations over other existing tasks.

BFAC has asked both the Town Administrator and staff in the PSB for their thoughts on the issue of resources. Putting aside the question of whether resources are added via reassignment/redeployment or de novo hires, the Town Administrator asserts that additional resources are necessary including personnel, consulting, and more robust analytical tools. Specifically, the Town Administrator believes that;

- Two (2) additional management/budget analysts are necessary for long-term operating budget projections, capital budget planning, performance measurement and program evaluation, financial analysis of departmental budget requests and proposals for legislative action by Town Meeting, and the development and implementation of Financial Improvement Plans (FIP's) designed to address the Town's structural budget gap.

- As suggested above, additional consulting is necessary to produce more detailed evaluation of the Town's capital assets in order to make informed and objective decisions to replace, maintain or expand such assets. Plans similar to the Town's Pavement Management Program, which produces a numerical grade for existing conditions and produces various scenarios for capital improvements, should be performed on other assets including municipal buildings and park facilities.

- More robust and modern technology solutions are needed to produce coordinated and effective financial data and reports that help inform decision makers and the public. It should be noted that the Town has already begun to use new budgeting software in the development of the Fiscal Year 2021 Budget.

The specific nature of these resources requires more analysis and thought, including a review of best practices in other similarly sized municipalities. Finally, the organization and supervision of these resources, especially personnel, will require some fundamental review of current roles and responsibilities.

As of this writing, BFAC has not received any specific ideas from the PSB that have been sufficiently reviewed and discussed at the School Committee level for inclusion herein. BFAC is cognizant that the PSB is trying to deal with severe budget challenges. Nevertheless, BFAC cannot endorse a continuation of the status quo approach to managing the financial affairs of the PSB (budgeting, program evaluation, capital

budgeting and planning, etc.). Addressing the deficiencies must be at least an equal priority to any other initiative of the PSB.

Communication and Education

Recommendation 18

Amend Section 2.1.14 of the Town By-Laws be expanded to include the requirement that all Town Meeting Members attend at least one informational/training meeting that covers the Town budgeting process and financial matters every three years.

Over the past twelve months BFAC members have met with a large number of leaders and participants in the school and civic affairs of Brookline. These individuals possess a wide range of comfort and familiarity with the financial concepts and topics discussed in this report. This is also true for the citizenry of Brookline as a whole. It will be important for the successful adoption of BFAC's recommendations that our findings be shared with the broader community in a variety of formats and venues and be understood by Town residents with varying levels of financial literacy.

Following the submission of this final report to the Select Board, BFAC recommends presentations be scheduled for: Advisory Committee, the School Committee, Town Meeting Members, various boards and commissions responsible for both service delivery and real assets (Climate Action, Open Space, and others), along with major resident stakeholder groups (such as Senior Center, PAX, Brookline Neighborhood Alliance) to explain BFAC's findings and recommendations. In addition, BFAC recommends requiring periodic mandatory financial training and information sessions for Town Meeting Members.

Next Steps: The BFAC Implementation Plan

BFAC recommends the adoption and implementation of the proposed twenty-four-month BFAC Implementation Plan**,** as detailed in Appendix K. The Plan will place the Town and PSB on a path to begin operating under sustainable annual budgets, remain positioned to finance continued investment in infrastructure and facilities, and retain the Town's AAA credit rating.

The Plan provides great detail on BFAC's 18 key recommendations, suggests a sequence and timeline for action on each recommendation along with their subsidiary

recommendations, and clearly identifies the involved parties. Implementation of the Plan will be a shared responsibility among all of the principal government bodies, including senior staff, the Select Board, the School Committee, the Advisory Committee particularly through its Long-Term Planning & Policy Sub-Committee, and Town Meeting.

Conclusion

We wish to acknowledge the Select Board's desire to seek guidance beyond what is available in Massachusetts' municipal finance statutes. A number of cities and towns recognize that state laws have not kept pace with modern financial practices and often fail to provide local officials with adequate guidance on the financial issues they commonly face. This is particularly true in a 2.5% property tax limit state.

Proposed Financial Governance Policies

BFAC has refined the S&P Top 10 into the following six operational financial policies[53]. The committee believes a commitment by the Select Board, School Committee, Moderator, Advisory Committee, and Town Meeting to these principles is necessary for the Town to successfully address its financial challenges.

1. Maintain a AAA rating – Maintenance of this rating requires Brookline to embrace municipal finance best practices, enforce financial discipline, and minimize the Town's borrowing costs.
2. Transparent and integrated financial management – Modify procedures and processes to strengthen communication among all stakeholders and increase understanding of the ramifications of financial decisions.
3. Data analytics and infrastructure – Informed decisions require good information, analytics, and established performance metrics.
4. Broad-based capital expenditure plan – A broad-based, ten-year rolling assessment and plan for capital and infrastructure is critical for both the maintenance of Town services and a successful debt management policy.
5. New economic development – Brookline needs additional long-term sustainable revenue growth to reduce the size of future overrides and help moderate growth in residential property taxes.
6. Strengthening of reserves - Restore Brookline's reserves to levels that comply with existing Town fiscal policies and, at a minimum, stay within Moody's AA range (15 percent to 30 percent of Revenue). [54]

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[53] A table cross-referencing financial policies with the S&P Top 10 is in Appendix E.

[54] The credit agencies and Town's auditors are referring to Total Revenues for the General Fund as reported on the "Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances." Throughout this report

Maintaining a more predictable tax increase is an ultimate goal of good financial stewardship. A number of our recommendations entail adopting financial policies that foster confidence in local government. Conflict resolution in today's political environment is an essential trait of good governance. Our recommendations are offered in the spirit of preventing conflict via the use of data and forecasting.

Having a common pride in the quality of life in Brookline is what motivated each of us to participate in BFAC. It is our earnest hope that our recommendations create a sense of continuity and effectiveness for the Town.

Implementation of our recommendations will require education. BFAC stands ready to present its findings and recommendations to Brookline's Town Meeting Members, School Committee, Town committees, and residents in whatever form the Select Board deems appropriate.

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references to "Revenues" in the context of the Moody's Scorecard and Town fiscal policies are referring to the above definition of Total Revenues.

Appendices

A	Glossary of Terms
B	Brookline Fiscal Advisory Committee Charge and Biographies
C	Resources & Advisors
D	December 8, 2019 Draft Report Feedback
E	Financial Governance S&P'S Top 10 Management Characteristics Proposed Financial Governance Policies
F	Moody's Complete Scorecard
G	Analysis of Commercial Development Needed to Support Debt on a New School
H	Performance Metrics
I	Zero-Based and Outcome-Based Budgeting
J	Financial Improvement Plan Survey Responses & Templates
K	BFAC Implementation Plan
L	Fiscal Impact of 2019 Town Meeting Actions
M	Analysis of Select Warrant Articles

Appendix A:
Glossary of Terms

Sources: *Massachusetts Department of Revenue Division of Local Services, Municipal Finance Glossary, and Town of Brookline Annual Budget Book*

Adjusted net pension liability. Long-term promises whose value is difficult to quantify. An actuarial firm compares the present value of these obligations (the amount of money needed today to cover all future payments allowing for future interest) against the current funds held. The difference is an unfunded liability (the Unfunded Pension Liability, defined in this glossary below), meaning there is an obligation but the funds to pay it are not yet available. Moody's recognizes that different investment assumptions can have a large impact on the unfunded pension liability and has created a mechanism to put all municipal pension obligations on a common basis using a common rate of return on investments.

Advisory Committee. Appointed by the Town Moderator, the Advisory Committee reviews all Town Meeting Warrant Articles and approves all reserve fund transfers. The Advisory Committee is also responsible for preparing the Town's annual budget for debate and passage at Annual Town Meeting.

Appropriated Budget Reserve. (MGL 40, Chapter 6 and Brookline Budget Policies) An amount appropriated from Free Cash and placed in the Appropriated Budget Reserve Fund to provide for extraordinary or unforeseen expenditures. Transfers from this fund may from time to time be voted by the Advisory Committee.

Appropriation. An authorization granted by Town Meeting to expend money and incur obligations for specific public purposes.

Balanced budget. A budget in which estimated expenditures equal actual and estimated revenues.

Bond. A means to raise money through the issuance of debt.

Capital Improvement Program (CIP). An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. The Town's CIP is a six-year plan, with projects in the first year of the plan being voted by Town Meeting.

Chart of accounts. A listing of the name of the accounts that an organization has identified and made available for recording transactions in its general ledger. The chart is usually sorted in order by account number, to ease the task of locating specific accounts. The accounts are usually numeric but can also be alphabetic or alphanumeric. The chart of accounts organizes financial information so that financial reports are organized and easier to read. The use of a descriptive chart of accounts (a chart that assigns a unique number to each type of transaction) will provide a system of recording revenues and expenditures that fits the organizational structure of the municipality and school system.

Contingent liability. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, or uncompleted contracts.

Debt exclusion. An action taken by a community through a referendum to vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½.

Debt capacity. (Corporate Finance Institute). The total amount of debt a community can incur and repay according to the terms of the debt agreement.

Debt rating. Opinions of relative credit risk of fixed-income obligations addressing the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Debt service. The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Deficit. The excess of expenditures over revenues.

Enterprise debt. (Municipal Securities Rulemaking Board) A separate accounting and financial reporting mechanism allowing a community to demonstrate to the public the portion of total costs recovered through user charges and the portion subsidized by tax

levy. Debt associated with an enterprise fund is expected to be paid by revenues associated with the enterprise.

Equalized valuation (EQV). The determination of an estimate of the full and fair cash value (FFCV) of all property in the Commonwealth as of a certain taxable date.

Financial Improvement Plans (FIP). Highly targeted planning efforts to pursue high-impact opportunities to increase revenues and better manage costs.

Fiscal year. Since 1974, Massachusetts municipalities have operated on a cycle that begins July 1 and ends June 30.

Fixed costs. Costs that are legally or contractually mandated, such as retirement, insurance, debt service, or interest on loans.

Free Cash (or, Budgetary Fund Balance). Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line items. Unpaid property taxes and certain deficits reduce the amount that can be certified as Free Cash. The calculation of Free Cash is based on the balance sheet as of June 30, which is submitted by the community's comptroller. Free Cash is not available for appropriation until certified by the Commonwealth Director of Accounts.

Full value (**full and fair cash value**). Fair cash value has been defined by the Massachusetts Supreme Judicial Court as "fair market value, which is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy."

Fund. An accounting entity with a self-balancing set of accounts that is segregated for the purpose of carrying on identified activities.

Fund balance. The difference between assets and liabilities reported in a governmental fund.

General Fund. The fund used to account for most financial resources and activities governed by the normal Town Meeting appropriation process.

General obligation bonded debt (General Fund debt). Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Levy. The amount a community raises through the property tax.

Levy Ceiling. One of two types of levy restrictions imposed by Proposition 2½. It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property.

Levy Limit. One of two types of levy restrictions imposed by Proposition 2½. It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions.

Liability/Catastrophe Funds. Established by Chapter 66 of the Acts of 1998, and amended by Chapter 137 of the Acts of 2001, this fund shall be maintained in order to protect the community against major facility disaster and/or a substantial negative financial impact of litigation.

Maintenance budget. - A no-growth budget that continues appropriations for programs and services at their current year levels. The actual appropriation to maintain programs and services may still increase due to inflation or other factors.

Minimum viable product. A development technique in which a new product or website is developed with sufficient features to satisfy early adopters. The final, complete set of features is only designed and developed after considering feedback from the product's initial users. (https://www.techopedia.com/definition/27809/minimum-viable-product-mvp)

Net direct debt. The total amount of general obligation debt, including notes and short-term financing issued.

Net Revenue. Also referred to as Net Operating Revenue. Gross revenues, less net debt exclusion funds, enterprise (self-supporting) operations funds, free cash, grants, transfers from other non-recurring non-general funds, and non-appropriated costs.

New growth. The additional tax revenue generated by new construction, renovations, and other increases in the property tax base during a calendar year.

Operating budget. A plan of proposed expenditures for personnel, supplies, services, and other expenses for the fiscal year.

Operating deficit. When the unassigned fund balance in the General Fund at the end of the fiscal year is less than zero.

Other post-employment benefits (OPEBs). Retirement benefits other than conventional pension benefits, including medical, dental, life insurance, and long-term care benefits.

Outcome-Based Budgeting. A budget process that aligns resources with results. Additional information is found in Appendix I.

Overlay Reserve. An account established annually to fund anticipated property tax abatements, exemptions, and uncollected taxes in that year.

Override. A vote by a community at an election to permanently increase the levy limit.

Payments in Lieu of Taxes (PILOT). An agreement between a municipality and an entity not subject to taxation, such as a charitable or education organization, in which the payer agrees to make a voluntary payment to the municipality.

Performance management metrics. Measurable performance objectives that can be used to gauge the efficiency of efforts. Performance management metrics serve both as a report card on efforts and as a tool for management to use to identify those objectives towards which the current plans are not making sufficient progress.

Proposition 2½. A tax limitation measure adopted by state-wide referendum in 1980 (MGL Ch. 59, section 21C) which limits the ability of the Town to increase its budget from year to year. The principle provision outlines the Levy Ceiling and Levy Limit of a community. To override these tax limitations requires a Town-wide referendum. A series of videos explaining how Proposition **2½** works are found at the State website https://www.mass.gov/service-details/proposition-2-12-and-tax-rate-process.

Reserve fund. An amount set aside annually within the budget of a town (by law, not to exceed 5 percent of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures.

Revenue. Total Revenues for the General Fund as reported on the "Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances."

Revolving fund. Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

School Building Assistance Program (MSBA). Established in 1948 and frequently revised by statutory amendments, this state program reimburses municipalities varying percentages of their school construction costs depending on the wealth of the community and the category of reimbursement.

Stabilization Fund. A fund designed to accumulate amounts for future spending purposes, although it may be appropriated for any lawful purpose. A two-thirds vote of Town Meeting is required to appropriate money from the Stabilization Fund.

Structural deficit. A budget deficit that results from a fundamental imbalance in government receipts and expenditures, as opposed to one based on one-time or short-term factors.

Tax base. The total amount of assets or revenue that a government can tax.

Total Fund Balance. (GASB) The Total Fund Balance is the difference between Assets and Liabilities added across all of the various Town funds. Enterprise funds which support business like activities are excluded.

Undesignated Fund Balance. Monies in the various government funds as of June 30 which are neither encumbered nor reserved and are therefore available for expenditure once certified as part of Free Cash.

Unfunded OPEB liability. The difference between the value assigned to the benefits (other than retirement) already earned by a municipality's employees and the assets the local government will have on hand to meet these obligations.

Unfunded pension liability. The difference between the value assigned to the retirement benefits already earned by a municipality's employees and the assets the local retirement system will have on hand to meet these obligations. The dollar value of the unfunded pension liability is re-determined every three years and is driven by assumptions about interest rates at which a retirement system's assets will grow and the rate of future cost-of-living increases to pensioners.

Unreserved Fund Balance. (or, Unassigned Reserve Balance).

Warrant. A document issued by the Select Board to call a town meeting. A **Warrant Article** is a specific agenda of items for town meeting.

Zero-Based Budgeting. Zero-base budgeting (ZBB) is a budgeting process that asks managers to build a budget from the ground up, starting from zero. Additional resources on this topic are listed in Appendix I.

Appendix B:
Brookline Fiscal Advisory Committee

Brookline Fiscal Advisory Committee Charge

Approved August 7, 2018, by the Select Board

The Select Board shall establish a Brookline Fiscal Advisory Committee (BFAC) to:

- Review and evaluate Brookline's fiscal and financial projections through FY22
- Examine Town and School budget principles and financial policies
- Suggest actions that address misalignment between projected revenues & expenditures

Carrying out its charge, the Brookline Fiscal Advisory Committee shall focus on the general fiscal health of the community, and not conduct evaluations of individual programs or budget line items. The Brookline Fiscal Advisory Committee shall consider the following general questions in the course of its work:

- Do Brookline's anticipated future revenues and expenses align through Fiscal Year 2022?
- What are possible sources of additional and new revenue, and what actions, if any, should be taken to increase revenue collected?
- What steps should the Town take to control year-over-year increases in expenses?
- Is Brookline appropriately using debt?
- Do Brookline's financial, budget and procurement policies match today's best practices?
- Is the Town adequately planning for future expenses?
- How should Brookline evaluate/prioritize the relative short- and long-term benefits of projects programs, and policy decisions that compete for limited resources?
- Is the total cost of operating Brookline clearly accounted for?
- Should consideration of the financial impact of Warrant Articles and policy proposals that compel actions be deepened and formalized before action is taken? (Note: Brookline's Advisory Committee currently considers the financial impact of matters that go before Town Meeting.)

- Can/should Brookline 'score' projects/matters with financial impact like the federal government does?

In completing its work, the Brookline Fiscal Advisory Committee shall build upon work completed by prior committees and consultants. In doing so, the BFAC shall focus on the methodologies and analytical approaches employed by prior groups in arriving at their financial conclusions. Prior to offering a recommendation, the committee shall compare the status quo to possible recommended new practices highlighting the positive and negative impact of effecting change. The committee shall not replicate prior efforts, except in cases where circumstances have fundamentally changed or when new substantive information has become available. The committee may, however, recommend that, in the future, specific approaches be employed in evaluating opportunities, budget requests, capital requests, etc.

The BFAC shall deliver a report that:

- Provides a record of its investigations and discussions
- States its findings
- Contains concrete recommendations

Prior to delivering a final written report the BFAC shall hold at least one public hearing.

Structure:

The BFAC shall be a temporary committee consisting of not more than 11 voting members appointed by the Select Board. BFAC voting members shall be residents of the Town and may not be elected members of the Select Board or School Committee. A Chairperson shall be elected from among the voting members of the committee. The Town Administrator, the Superintendent of Schools, and their respective staff shall participate in the BFAC process but shall not be considered members of the Committee.
The Select Board and School Committee shall appoint one member to serve as a liaison to the BFAC, respectively. Liaisons shall provide information to BFAC and support the committee's work, as requested by the committee.
The Brookline Fiscal Advisory Committee shall strive to submit a detailed written report of its analysis, findings, and recommendations by September 2019.

Qualifications:

Members of the BFAC must be comfortable with numbers and financial concepts. Members shall have significant experience and expertise in one or more of the following disciplines: finance (including corporate finance, municipal finance, investments, underwriting, etc.), accounting, budgeting, financial controls, economics, economic development, land-use planning, purchasing and/or logistics. Other disciplines, including strategic planning, legal, and large enterprise management will also be considered. The Select Board may also consider applicants with other experience and professions skills that will benefit the committee in completing its charge. Applicants may have experience in for-profit, non-profit, academic, or government settings.

BFAC's meeting minutes and Committee and Sub-Committee files are available for review on the BFAC homepage. https://www.brooklinema.gov/1516/Brookline-Fiscal-Advisory-Committee

View the Brookline Interactive Group recording of BFAC's December 19, 2019, Public Hearing. https://brooklineinteractive.org/brookline-fiscal-advisory-committee-december-19-2019/

Brookline Fiscal Advisory Committee Members

Dr. Peter von Bleyleben: Dr. von Bleyleben serves and served on various Boards of Private and Public Companies, including MicroFinancial, Inc until its sale in 2015. He co-founded the company in 1987 and served as Chief Executive Officer until 2002, having led the company from its founding through a successful IPO trading on the NYSE in early 1999. Before joining the company, Dr. Bleyleben was Vice President, Partner and Director of the Boston Consulting Group, Inc. ('BCG') in Boston. Before BCG, Dr. Bleyleben earned an MBA with distinction and honors from the Harvard Business School, an MBA and a PhD in Business Administration and Economics, respectively, from the Vienna Business School in Vienna, Austria, and a BS in Computer Science from the Vienna Institute of Technology.

Cliff Brown: Cliff Brown is a Town Meeting Member (Precinct 14) and member of the Advisory Committee where he is the current chair of the Schools Subcommittee. He serves or has served on the Economic Development Advisory Board, The Zoning By-Law Committee, the 2014 and 2017 Override Study Committees and the 111 Cypress Acquisition Committee and has assisted the Public Schools of Brookline superintendent's office with enrollment projections. He was the co-chair of the Runkle site-council and coached Brookline youth and travel soccer teams. His professional background is in investment banking and investment management with a particular focus on real estate. He has a B.S. in economics and an M.B.A. in finance from The Wharton School of the University of Pennsylvania. He and his wife, Lisa Halpert, have lived in Brookline for 24 years and their three children attended the Brookline Public Schools

Nancy Daly: Nancy Daly, a lawyer, is currently a Town Meeting member. Nancy was an elected member of the Select Board for 12 years (2005-2017), serving as Chair for 3 years. Prior to that she served on the Advisory Committee for 8 1/2 years, including 3 as Chair. She Chaired the Town's Audit Committee for the 12 years she was on the Select Board. As a member of the Board of Selectmen she also chaired the OPEB Study Committee, the Runkle School Building Committee, among many others, and served as the Board's liaison to the Council on Aging, the Community Development Block Grant committee, and the Brookline Age Friendly Committee. Nancy is a 38-year resident of Brookline.

David Kirshner, MBA, CPA **(Chair):** David has more than three decades of experience in public accounting, non-profit financial management, and Chief Financial Officer positions in academic medicine. Most recently, Mr. Kirshner was the Senior Vice President and CFO of the University of Rochester Medical Center. Prior to that he spent nearly fifteen years as the Treasurer and Chief Financial Officer of Boston Children's Hospital. Over his career, David successfully engineered the financial and operational performance improvement of complex, political organizations while developing large interdisciplinary teams focused on a common purpose.

Mini Kolluri: Mini is a data analytics professional with 14 years of experience primarily in the financial services industry. At JP Morgan Chase, as a customer analytics executive she utilized quantitative and financial modeling to drive customer acquisition, activation, and retention strategies. As part of the customer portfolio risk management group, she evaluated risk performance and developed risk-based pricing strategies. Mini has an MBA from New York University, and an MA in finance and a BS in accounting from the University of Mumbai. She has been actively engaged in the Brookline community for over 12 years – in schools as Co-President of the Runkle PTO, and member of the BHS PTO board. She served as Trustee on the Brookline Community Foundation and is currently a member of the BCF's Brookline High School's Scholarship committee. Mini and her family have lived in Brookline for over 12 years.

Carol Levin: Carol Levin is a member of the Advisory Committee and the Economic Development Advisory Board. She is a member of the Pierce Building Committee and was also a member of the 2014 Override Study Committee, the 111 Cypress Street Acquisition Committee, the Treasurer of the Runkle PTO, and a member of the BHS PTO Board. Carol is the Founder and Principal of RE-Advisors, New England's first healthcare real estate consulting firm where for over 25 years she has guided healthcare organizations in thinking strategically about real estate. Prior to RE-Advisors, she spent over a decade in the field of commercial real estate finance. She holds both a BS and an MBA from Cornell University. She and her husband, Dr. Jeffrey Macklis, have lived in Brookline for 30 years and their two children attended Runkle and Brookline High School.

Jeff Rudolph: Jeff has lived in Brookline for thirteen years, first from 2000-2007 while in graduate school, and then returning in 2012 with his wife Sherry and their two daughters who are in the 6th and 3rd grades at Pierce. Jeff's undergraduate degree is from Purdue University in Computer Engineering & History and graduate degrees from Boston

University (MBA & MSIS). He has worked for over 20 years in the high-tech industry as an engineer, manager, and director. Jeff's involvement with the Town of Brookline includes serving on the 2017 Override Study Committee and as a Town Meeting for the past two years. Jeff's passions include Brookline history, spending time with family, running, and doing home improvement projects.

Paul Saner: Paul Saner is a Town Meeting Member (Precinct 13) and is co-chair of Brookline's Economic Development Advisory Board. Paul also serves, or has served, on the Zoning By-Law Committee, the Housing Opportunities Task Force, the Moderator's Committee on Tax Classification, the Community Preservation Review Committee, the Fisher Hill Study Committee and several other project review committees. He was a Principal of a national real estate investment firm and a Managing Director of a major commercial bank. He was the founding board chair of the Metropolitan Waterworks Museum and was the Governor-appointed Commissioner of the Massachusetts Commission for the Blind. He has a BA from Trinity College and holds an MBA in Finance from the University of Rochester. He has lived in Town for more than 30 years, and his daughters were graduates of Brookline public schools.

Arthur Segel: Arthur Segel is a professor at Harvard Business School overseeing real estate-related curriculum for 25 years in the finance and entrepreneurial management units and teaches at Harvard College. He is currently a Special Student at the Harvard Divinity School. Segel was raised in Brookline with his four siblings and he and his wife raised four children in the Town-all of whom, like their father and grandmother, graduated from Brookline High School. One of his grandchildren begins Runkle next year. Segel was a co-founder of the Innovation Fund at Brookline High School in 1998, served as its chair for 10 years, after being active in the Brookline Foundation and was a soccer coach for 17 years. Segel served on a previous a Brookline committee to set up the operating/capital and finance budget in 1994 after overseeing finance and budgets in transportation under Governor Michael Dukakis.

Nathan Shpritz: Nathan Shpritz is a Town Meeting Member (Precinct 16) and was a member of the Baker School Site Council for two years. He is an actuary with over 30 years of experience with experience in both insurance companies and consulting roles. In his current role at AmTrust Excess and Surplus Insurance, he is responsible for budgeting, planning, and development for this division. Prior to this role, he has performed capital modeling, pricing, underwriting, marketing, and reserving functions. He has a degree in

mathematics from the University of Pennsylvania and, with his wife, has been a resident of Brookline for 24 years.

Dr. Mike Toffel: Mike Toffel is an applied economist and a professor of business administration at the Harvard Business School, where he teaches a first-year MBA course on technology and operations management, is faculty chair of the school's Business and Environment Initiative, and conducts econometric and case-study based research on how companies and governments manage environmental issues, occupational health and safety, and working conditions in their operations and supply chains. He is also a Town Meeting Member (Precinct 8), has assisted the Public Schools of Brookline superintendent's office with enrollment projections, and has served for many years as a School Council parent representative at the Coolidge Corner School. He has a PhD from UC Berkeley, and an MBA and Master of Environmental Management from Yale. He and his wife Erin have children who are students at BHS and the Coolidge Corner School.

Ben Franco (Select Board Liaison): Ben is a lifelong resident of Brookline and was elected to the Select Board in 2014. In addition to serving on the Select Board, Ben sits on or chairs the following boards, committees, or commissions: BFAC, Electronic Communication Review Committee, Licensing Review Committee, Moderator's Committee of Elderly Tax Relief, Pierce School Building Committee, Town/School Labor Advisory Committee, Town/School Partnership Committee, Zoning By-Law Committee. He also chaired the River Road Study Committee. Ben has both public and private sector experience in budgeting, finance, management, and oversight. He worked as an aide to the Mayor of Salem, followed by two years at Sun Life Financial. Ben worked in the Massachusetts State Senate as a budget director and legislative aide. He currently works at Harvard University. Ben is a graduate of Brookline's Lawrence School and Brookline High School, holds an undergraduate degree from St. Lawrence University and a master's degree from the London School of Economics.

David Pearlman (School Committee Liaison): David is a member of the School Committee and a Town Meeting Member (Precinct 15). He serves on the Finance, Policy, and Superintendent Search Subcommittees of the School Committee, and on the Select Board Climate Action and Land Bank Study Committees. In his professional life, he primarily works as a child welfare attorney in the private counsel division of the Committee for Public Counsel Services, representing indigent parents and children at the Trial Court and Appellate levels. Additionally, he practices employment law, and also represents estate beneficiaries and personal representatives in Probate Court and at the Fiduciary Litigation

Session. Mr. Pearlman earned a BA from Brandeis University and a JD from Boston University. A near life-long resident of Brookline, he is a graduate of the Devotion School and Brookline High School.

Appendix C:
Resources and Advisors

The members of BFAC are indebted to the many employees of the Town of Brookline and the Public Schools of Brookline, who spent countless hours supporting the Committee in its work.

Carla Benka	Vice-Chair Advisory Committee
Dick Benka	Former Select Board Chair
Daniel Bennett	Building Commissioner
Roger Blood	Housing Advisory Board Chair
Andrew Bott	Former Superintendent of Schools
Kara Brewton	Economic Development Director
Virginia Bullock	Senior Housing Planner
Justin Casanova-Davis	Assistant Town Administrator
Helen Charlupski	School Committee
Erin Chute Gallentine	Parks & Open Space Director
Steve Cirillo	Former Director of Finance
George Cole	Building Commission and BHS Building Committee
Jeana A. Franconi	Finance Director/Treasurer
Peter Frazier	Hilltop Securities
Melissa Goff	Deputy Town Administrator
Stephen Goldsmith	Professor of Government | Director of the Innovations in Government Program, Harvard Kennedy School
Sara Gooding	Operations Manager, Public Buildings
Heather Hamilton	Select Board
Adelaide Ketchum	Editor
Mel Kleckner	Town Administrator
David Lesochier	Town Meeting Member Precinct 11, Advisory Committee
Ken Lewis	Economic Development Advisory Board
Ben Lummis	Interim Superintendent of Schools
Sean Lynn-Jones	Advisory Committee-former Chair

Raymond Masak	Project Manager
Gary McCabe	Chief Assessor
Sergio Modigliani	Former member of Advisory Committee, Planning Board, 2014 OSC and Devotion Building Committee
Mary Ellen Normen	Deputy Superintendent for Administration & Finance
Craig Peacock	Partner at Powers & Sullivan
Harold Peterson	Assessor's Committee
David Pollack	School Committee
Michael Sandman	Chair Advisory Committee
Charlie Simmons	Director of Public Buildings
Kevin Stokes	Chief Information Officer
Neil Wishinsky	Former Select Board Chair
Susan Wolf Ditkoff	School Committee

Harvard undergraduate students:

Luccas Borges
Stella Feder
Jordan Topoleski

Appendix D:
Public Hearing & December 8, 2019, Draft Report Feedback

This exhibit describes feedback BFAC received at its public hearing on December 19, 2019 (Part 1), via its survey (Part 2), and via email/phone (Part 3)

Part 1: Comments received via the BFAC Public Hearing, December 19, 2019, at Town Hall

1. Neil Gordon, Town Meeting Member from precinct 1 (TMM-1) and member of Advisory Committee (AC), provided the following comment:

> Concerned that Recommendation 4 states "only after" which appears to create a gatekeeper for Warrant Articles to reach Town Meeting: who would make that decision?
>
> Concerned that BFAC is proposing narrowing the scope of Advisory Committee to focus on financial scoring, because AC also reviews and amends warrant articles
>
> There's no such thing as an apolitical AC. Perhaps new standing committee to deal with Finances.

2. John Harris, TMM-8, asked:

> What's changed that has resulted in the reserve fund being drawn down?
>
> > *BFAC member Paul Saner responded: that it's been underfunded since 2014., and the Town has been funding capital improvement plan (CIP) and other items subordinate to Reserves in waterfall.*

3. Paula Freedman, TMM-14, provided the following comments:

> Re BFAC Recommendation 11: agrees with its importance.

Re BFAC Recommendation 7: agrees with the recommendation to change audit firm

Re BFAC Recommendation 6 on town-school partnership: This provides an opportunity for deeper thinking surrounding and priorities. Said 60% to schools is high.

4. Bob Miller, TMM-8, asked the following question:

Why does Brookline have one of lowest MA tax rates?

BFAC member Cliff Brown (and Advisory Committee member) and Nathan Shpritz responded: It's also important to focus on total amount of tax levy, not just the rate. Prop 2.5 limits the total tax revenue collected to increase by 2.5% (unless there's an override or new economic development), and so when existing property values increase by more than 2.5%, the Town must reduce the tax rate commensurately.

BFAC chair David Kirshner also responded: We need an override strategy to get at the appreciating asset values.

BFAC member Paul Saner also responded: Commercial tenants are complaining that tax pass-throughs are increasing faster than rent increases.

Bob Miller also asked: have we considered the relative merits of regular predictable overrides, versus larger unpredictable ones?

BFAC member Cliff Brown (and Advisory Committee member) responded by noting that this speaks to the need for an override policy.

BFAC member Paul Saner also responded by noting the danger to ratings if voters start rejecting overrides.

BFAC chair David Kirshner also responded: Agree on the importance of predictability in overrides.

5. David Lescohier, TMM-11, provided the following comment:

The BFAC report should communicate the Town's financial position to the public, including:
* state funds (and how volatile they are, and how it changes),
* economic growth,
* instances of where one-time revenues were used for ongoing expenses,
* the condition of the town's capital and property (e.g. buildings, roads, parks)
* deferred maintenance being underfunded

6. Mary Dewart, TMM-3, provided the following comment:

How is the Town positioned to handle climate change?

BFAC member Nathan Shpritz responded saying that BFAC is urging the establishment of a framework to establish spending priorities.

7. Mike Sandman, TMM-3 and Chair of the Advisory Committee, provided the following comment:

Agreed we need better coordination between Town & School. Said he saw all 5 Select Board members were in attendance at the public hearing, but saw only 2 of the 9 School Committee members here. He noted School Department's Mary Ellen Norman was in attendance.

Said Advisory Committee takes the concerns seriously that BFAC is highlighting.

BFAC member Paul Saner responded, noting that the costs of Town Meeting passing several recent Warrant Articles wasn't being unaccounted for.

8. Patty Cripe, who works Brookline Fire Department, provided the following comment:

Brookline contracts out ambulance services, while other towns run their own service and it generates millions in dollars. In Brookline most people have insurance, and insurers pay for transport to and from hospitals. Brookline should consider running its own ambulance service.

9. Dave Gacioch, TMM-3 and a Heath School parent, provided the following comments:

Don't lock the Town into Proposition 2.5 revenue rates, which caps budgets where we were in 1980s. Don't demonize overrides; do them in a thoughtful and rational way. We have the 10th lowest tax rate in Massachusetts.

Since OSC 2017 calculated average dollar levy per residence. See that report. There is nothing inherently "right" about the current tax levels.

Per the Department of Education, Brookline is ranked 60th in the state on per spending per pupil. We may need to tru-up town level of spending, but doesn't mean we are overspending on education.

BFAC member Mike Toffel responded: BFAC views the decision of how raise revenues to be a political decision, not a task within BFAC's charge. Instead, BFAC is laying out the alternatives.

BFAC member Peter Bleyleben responded: At some point, overrides will fail and the Town will need other sources/legs to stand on.

10. Janice Kahn, TMM-15 and Advisory Committee member, provided the following comments:

Concerned about the earlier comments about tax rates: tax bills are high. Brookline is at a disadvantage because of our small commercial base as compared to other towns. Wonders if the town-school partnership (TSP) split still serves the town well: we're one Town with one source of revenues.

Likes the BFAC idea of summits.

Brookline should consider having a Town Manager (instead of a Town Administrator), like Lexington has. A Town Manager would have a different relationship to the Select Board than a Town Administrator.

11. Dick Benka: TMM-13, provided the following comment:

Regarding recommendation 11: Will the BFAC report include examples of what other communities have done and how has it worked. How to measure performance?

BFAC chair David Kirshner responded: A useful reference is Newton's Citizens Action Group Report. BFAC's view is we want every town department to have a set of self-selected measures (service quality, cost efficiency, etc.) set by managers. Without measures, we can't have targets, and without targets we can't assess progress against goals. Will make some specific recommendations in the report on this.

BFAC member Peter Bleyleben also responded: Setting up an analytical function will cost money; it would be a new budget line item.

BFAC member Paul Saner also responded: Data without political follow through is not really useful.

BFAC member Cliff Brown (and Advisory Committee member) also responded: measures are not just quantitative; data can be qualitative too. The important thing is to set up a program and measure it.

12. Pam Lodish, TMM-14 and Advisory Committee member, provided the following comment:

Who will be accountable for following through? Is there an implementation plan?

BFAC member Carol Levin (and Advisory Committee member) responded: Yes, the report will have a timetable indicating BFAC's recommended prioritization. Each recommendations names those whom BFAC thinks should be responsible for implementation.

13. Jonathan Davis, TMM-10, provided the following comment:

Is there a role of public subscription in capital projects?

14. Regina Frawley, TMM-6, provided the following comment:

Don't be "too nice," name names.

Feels Public Schools of Brookline administration is top heavy.

Concerned about fees and impact on the seniors and long-time residents.

Concerned about institutionalized overrides: don't lose sight of affordability.

15. John VanScoyoc, TMM-13 and Advisory Committee member, provided the following comment:

The budget process doesn't reveal to Town Meeting or Advisory Committee that we're not funding our reserves. How should we change our processes?

BFAC member Nathan Shpritz responded: BFAC has discussed this at length. Need some sort of annual certification/identification if we met policies.

16. Ellen Schumer provided the following comment:

Shouldn't policies not being followed be brought up in the audit committee?

BFAC chair David Kirshner also responded: Violations of your own policies is a violation of your internal controls. In new audit request for proposals (RFP), Brookline needs to speak to these policies. Best way to accomplish conflict resolution is good data – the truth.

17. Ruthann Snyder, TMM-6, provided the following comment:

If we have e-scooters, can't we ask them for funds to repair our roads? Entire issue of public entities profiting off of the private way. Build working alliances with private entities.

18. Roger Blood provided the following comment:

Overrides have recently been explained as "Here is what being asked for, and here is what you will get." Suggested future overrides be presented in a more standardized way within the context of a longer-range plan.

19. Scott Ananian, TMM-10, provided the following comment:

> Encouraged broadening of public engagement in override process and in the summits BFAC is proposing.
>
> Noted that via Warrant Articles, Town Meeting Members are expressing their priorities that are not otherwise reflected in the budget process.

Part 2: Feedback received via the BFAC online survey, December 16–23, 2019

1. Amanda Zimmerman provided the following feedback via the BFAC online survey:

> Recommendation 4 can be read a few different ways. It seems like it could be used to make the warrant article process much more tedious for those looking to propose warrant articles with operational or financial implications. This seems like almost all of them, and I would hope implementation of this does not discourage those new to town meeting (or perhaps without a ton of operational budgeting expertise) from proposing worthwhile warrant articles. That said, if town meeting had an equivalent of the OMB, that could be beneficial to any said petitioner as well as those town meeting members voting on the articles. The devil is in the details.
>
> Recommendation 5. Yes, yes, and yes. Narrow the scope and increase the depth, and keep an eye on the time commitments required for members. Also have a transparent process for nominating and re-approving members to the committee. Advisory committee has a reputation of being quite opaque, with little way to challenge/remove those from these roles, or to know why some applicants are accepted over others. A rewrite could improve transparency here as well.
>
> Recommendation 13. This one is really important. Would someone from BFAC be interested in putting a warrant article in May to propose some of these zoning changes to promote transit oriented residential development (or even commercial development)? If discussion has already occurred from Town planning authorities, having a warrant article not come from the select board might be quite valuable. For too long we've allowed abutters to nix important

projects that would improve the town, and we need elected officials to start act on behalf of the town as a whole instead of prioritizing complaints of individual abutters.

Rec 15. Publicly report and dissemination is really important here.

Also, as an aside, if the Advisory Committee is being reformed (which I think is long overdue), I'd like to voice a concern to pay attention to the make up of those filling it. I was a little dismayed that BFAC itself was so heavily male, surely in 2019 there are some females in this town with budgeting or other economic expertise that could be utilized.

2. Joe Ranft provided the following feedback via the BFAC online survey:

I think we need to seriously look at the number of full-time employees we have in town across the board - town employees, police, fire, and school administration. I see we are still hiring for new positions. Any company facing this kind of situation would institute an immediate hiring freeze. We also may have too many fire departments. The coverage model is probably pretty old and has not been updated. Also, we leave a lot on the table with parking. On weekends when parking is a premium, prices should go up. With parking apps and computerized meters, we could institute demand-based pricing. I also question the value of the golf course. That is valuable land. Why does a town need an 18-hole course. Sell half the land or use it for a school or community center that would generate more revenue. And speaking of town workers, do we need all of the office space? Can some of these jobs be done remotely?

3. Carey Goldberg provided the following feedback via the BFAC online survey:

So impressive! Thank you!!! And much needed. As I mentioned on Facebook, I'm not sure this is within your bailiwick but if there are to be budget cuts, we very much want them to hit central office/administrative programs first and avoid at all cost cutting into the teaching-and-learning-and-student-support cores of the schools. I'd particularly cut the $300+K of the new unbudgeted Diversity and Inclusion office and some data positions.

4. Danna Perry provided the following feedback via the BFAC online survey:

Thank you all for this incredibly comprehensive preliminary review. A few questions:

- when will the new software be fully implemented? And is there some sort of review to ensure it's been implemented and being used to its best capacity? Seems like that's a significant (and relatively simple) element in the improvement plan.

- can you say more about the evaluation suggested (#11)? Also what is zero based budgeting?

- you mention sped costs as a driver of the current budget deficit. What is that actual number? How does it compare to other increases school budget line items? And if we are so low in on OOD placements and para pay compared to our peers (as per the District) then how are our costs so high?

5. Shari Gershenfeld provided the following feedback via the BFAC online survey:

I'm unfortunately unable to participate in tonight's discussion of the report. But I'd like to understand why the town held a vote on the Driscoll school override one week before this report from the fiscal advisory committee was to be released and reviewed with the public. At best, it is irresponsible and gives the impression of impropriety for the Driscoll vote (which was already being held at a time of year with low awareness and low turnout) and the release of this report to have been timed in this way. At worst, it was deliberately designed to force a vote before information related to the town's fiscal situation was made available to and discussed with the community.

6. Susan Park provided the following feedback via the BFAC online survey:

It is really disappointing to hear that the pot shop 3% tax revenues are much NEEDED bc of the town's financial deficits. For example, to me, building a school with money raised via cannabis shops is outrageous. It makes more sense to spend less millions and not have a bigger, growing deficit. There's a cost with allowing the top grossing cannabis shops in your town (our children) and from what people have been telling me, the "town needs the money." This is "messed

up." Our town is allowing a 75 million money making machine that sells drugs. More and more research is coming out that cannabis use is on the rise with kids and it's very harmful to them. Check out the USA Today article that came out yesterday about this. My recommendations is to have other money generating ways like increase tax on sugar, increase tax on cigarettes, alcohol-more study needs to be done on other ways to generate money but we must keep our values in check and not desperately allow "anything goes" by bringing in NETA and Sanctuary. Maybe in Coolidge Corner, renovate the buildings to make them higher and bring in a world class hotel and increase the tax. Hotels are sold out for university graduation now in Dec. for 5/20 graduation ALREADY. Put a RITZ or Hilton or 4 Seasons in Coolidge Corner. My friends are already in a quandary bc all hotels are booked for May 2020. Seriously. I am sure I am not understanding the whole picture by this one doc. That I read but overspending is never a good thing. Living within our means is an important principal in life. Or at least having a plan in generating the right kind of money when in a massive deficit. Sanctuary will be the third largest cannabis shop in the US. I hope the town is ready for this. I think the hotel should go there on that side of Beacon. The hotel could be large enough for conferences which would bring in even more money for the town. There's def a need for hotels. This is better than Sanctuary coming in. Also, the SELECT Board has a lot on their plate to oversee all this. I wonder if these critical financial matters need to be looked at by financial experts who understand the long-term goals of this town.

Thank you, happy holidays, and Happy New Year. Also, the timing of this big meeting is bad timing. Many people leave early for the holiday like me.

7. An anonymous person provided the following feedback via the BFAC online survey:

The town should make an honest attempt to pare down its budget before coming to voters for overrides that will force them to move if approved. Do your job.

8. Harry Friedman, Town Meeting Member12 and Advisory provided the following feedback via the BFAC online survey:

I watched on the live stream. Like others, I applaud the work you have done. I have three comments, which others have mentioned, but which bear repeating. 1--On some of the report's recommendations which involve spending money (e.g.

8), please let us know the costs. 2--A bit more information on the pros and cons of maintaining an AAA rating. In other words, is it worth it, at least in dollars and cents? 3--the BFAC appears to consider the Advisory Committee to be purely fiscal. It isn't, and a committee composed of nothing but numbers people would not do the community any good. Advisory is the only, and I repeat, only, forum in which anything before Town Meeting actually gets a full discussion by a group with sufficient numbers. This does not happen at the Select Board, which only has five participants, and by Town Meeting, it is too late for a real "debate," with actual back and forth. Advisory performs this function, albeit imperfectly.

9. Linda Olson Pehlke provided the following feedback via the BFAC online survey:

We do need to find a way to inject financial planning and setting priorities into the warrant article process. Your suggestion to transform the Advisory Committee is likely to encounter a great deal of resistance, so it may be advisable to set up a sub-committee of the AC that has the appropriate expertise. I don't know how we get Town Meeting to internalize these concerns, but hopefully if inclusion of fiscal impacts happens consistently over time the process will transform. I think one of the fundamental issues is that we do not have the difficult conversations about priorities. Instead we get political factions trying to out organize each other, and everyone just yells louder to try to drown out the other side. Also, we aren't doing a good job of including more of the general public in these discussions. Perhaps we need to have some larger forums to have frank and open discussions around these issues. It may be necessary to hire outside facilitators for this task to help maintain objectivity.

I really like the proposal for the summits between school town and advisory. I agree with the proposal and comments around presenting overrides in a larger context to the voters. Having that election on a strange voting day without much time before the vote was an insult to the voters and inappropriate. We need more voter involvement not less. We do need to have accommodation for the low-income members of our community.

The suggestion to combine budgeting for Town and Schools is essential. What I have seen is that the school community is focused only on the schools and are unconcerned about the larger Town governance issues. This leads to imbalance and a callous attitude towards those negatively impacted, and there is no

consideration for the difficult trade-offs made necessary by the overrides on the Town side. Now that we are trying to address climate change and equity issues the demands on the Town budget are made even more acute.

Looking forward to the final report. Perhaps you could attempt a forecast of future year Town needs that take into account these new initiatives. The follow-through is essential. Thank you all for your efforts!

10. Werner Lohe provided the following feedback via the BFAC online survey:

I heard years ago that some other similar suburban towns had either formal or, more likely, informal practices of putting operating overrides before the voters on a periodic basis. This idea never got much attention, much less real traction, in Brookline. I was pleased, therefore to see your Recommendation 14, and I support it.

Part 3: Comments and feedback BFAC members received via email/phone

1. The Select Board should review all fees periodically to ensure they are keeping up with the cost of delivering the service. This could be scheduled so that one-third of all fees are considered each year and set for a 3-year period. Thus, every fee would be reviewed every 3 years, but it levels out to the workload for Select Board and staff. (My own addition would be to structure this formulaically, so that the proposed fee would be based on a transparent formula (e.g., the full cost of the personnel administering the service divided by the number of service instances provided), and that Select Board would vote on these as a consent item except if any of them wished to discuss.)

2. Analyze the possibility of hiring "enforcement officers" that could be net positive cash flow: they could be flexibly assigned to investigate and assess fines for parking violations, failures to clear snow, bike lane violations, etc. It might be that these folks could be an investment with a positive return, if the fines they generate (and that are collected) produce more revenue than their fully-loaded costs – while also improving the quality of life in Brookline for those who want more efficient parking, cleared snow, unobstructed bike lanes, and so on.

3. Analyze the possibility of adding parking meters to areas just outside current parking meter areas (e.g., on side streets along Harvard St, Beacon St., etc.) to assess whether they'd produce net revenues after accounting for any additional enforcement costs.

Appendix E:
Financial Governance

The Top 10 Management Characteristics of Highly Rated State and Local Borrowers

1. Focus on structural balance
2. Strong liquidity management
3. Regular economic and revenue updates to identify shortfalls early
4. An established rainy day/budget stabilization reserve
5. Prioritized spending plans and established contingency plans for operating budgets
6. Strong long-term and contingent liability management
7. A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget
8. A formal debt management policy in place to evaluate future debt profile
9. A capital planning process
10. A well-defined and coordinated economic development strategy

https://www.brooklinema.gov/DocumentCenter/View/19116/SP-The-Top-10-Management-Characteristics-Of-Highly-Rated-State-And-Loca

Proposed Financial Governance Policies

1. Maintain a AAA rating – Maintenance of this rating requires Brookline's embrace of municipal finance best practices, enforces financial discipline and minimizes the Town's borrowing costs.
2. Transparent and integrated financial management – Modify procedures and processes to strengthen communication among all stakeholders and increase the understanding of the ramifications of financial decisions.
3. Data analytics and infrastructure – Informed decisions require good information, analytics, and established performance metrics.

4. Broad-based capital expenditure plan – A broad-based, ten-year rolling, assessment and plan for capital and infrastructure is critical for both the maintenance of Town services and a successful debt management policy.
5. New economic development – Brookline needs additional long-term sustainable revenue growth to reduce the size of future overrides and help moderate growth in residential property taxes.
6. Strengthening of reserves - Restore Brookline's reserves to levels which comply with existing Town fiscal policies, and also fall within at least Moody's AA range (15 percent to 30 percent of operating revenue).

4. Proposed Financial Governance Policies

Policy	Rationale	Links to S&P Top 10
1. Maintain AAA Rating	Maintaining a AAA rating minimizes the Town's borrowing costs. This enables the Town minimize the tax burden when investing, and enhances the Town's ability to avoid State intervention. The Select Board should monitor its budgets, financial ratios, projections, and override proposals against rating agency guidance to maintain AAA ratings, such as the "S&P Top 10 Management Characteristics Of Highly Rated State And Local Borrowers"	#1. Focus on structural balance #8. A formal debt management policy in place to evaluate future debt profile
2. Financial Improvement Plan	Because the Town and School must balance their budgets each year, their Five-Year Plan's forecasts should avoid annual deficits. This requires their plans to identify revenue growth sources to match planned expenditure growth.	#3. Regular economic and revenue updates to identify shortfalls early #5. Prioritized spending plans and established contingency plans for operating budgets #7. A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget #8. A formal debt management policy in place to evaluate future debt profile
3. Data and Analytics Infrastructure	The Town and Schools need to make decisions which carry risks and rewards with as complete a set of data and analysis as possible. This means that the financial analyses, budgeting and forecasting used by Town and School decision-makers and process, along with technology must operate on an integrated platform. For example, fully allocating direct and indirect costs to all Town and School activities provides a single, accurate, and transparent set of costs.	#1 Focus on structural balance #9. A capital planning process #10. A well-defined and coordinated economic development strategy
4. Broad Based CapEx Plan	To ensure longer term planning and more appropriate capital cost management, the Town and School should update annually their 10-year capital expenditure plans. This should include a broad portfolio of opportunities to improve the quality and efficiency of Town and School activities (e.g., IT, energy conservation, fields/parks, transportation, schools as community centers).	#9. A capital planning process
5. New Economic Development	Need for additional long-term, sustainable revenue growth to reduce reliance on temporary solutions (i.e. overrides) and unaffordable residential property taxes	#1. Focus on structural balance #10. A well-defined and coordinated economic development strategy
6. Strategic Reserves	Commitment to strategic reserves through free cash flow. Need for additional cash reserves for contingencies and to execute policy in long term (i.e. strategic real estate acquisitions)	#2. Strong liquidity management #4. An established budget stabilization reserve #6. Strong long-term and contingent liability management

Appendix F:
Moody's Scorecard FY 2019

				Moody's Rating Ranges					
Moody's Rating Factors and Sub-Factors	Factor Weight	Brookline 2019	Brookline Rating	Very Strong	Strong	Moderate	Weak	Poor	Very Poor
				AAA	AA	A	Baa	Ba	B & Below
Economy/Tax Base (30%)			AAA: Very Strong						
Tax Base Size:Full Value ($ billion)	10%	$ 24.5	AAA: Very Strong	> $12B	$12B ≥ n> $1.4B	$1.4B ≥ n >$240M	$240M ≥ n >$120M	$120M ≥ n >$60M	<=$60M
Full Value Per Capita	10%	$354,086	AAA: Very Strong	>$150,000	$150,000 ≥ n >$65,000	$65,000 ≥ n > $35,000	$35,000 ≥ n > $20,000	$20,000 ≥ n > $10,000	<=$10,000
Socioeconomic Indices: MFI	10%	210%	AAA: Very Strong	150% of US media	150% to 90% of US median	90% to 75% of US median	75% to 50% of US median	50% to 40% of US median	<= 40% of US median
Finances (30%)			A: Moderate						
Fund Balance as % of Revenues	10%	12.29%	A: Moderate	> 30%	30% ≥ n > 15%	15% ≥ n > 5%	5% ≥ n > 0%	0% ≥ n > 2.5%	≤2.5%
5-Year Dollar Change in Fund Balance as % of Revenues	5%	4.33%	A: Moderate	>25%	25%≥ n > 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%
Cash Balance as % of Revenues	10%	11.3%	AA: Strong	>25%	25% ≥ n> 10%	10% ≥ n > 5%.	5% ≥ n > 0%	0% ≥ n > -2.5%	≤ -2.5%
5-Year Dollar Change in Cash Balance as % of Revenues	5%	0.58%	A: Moderate	>25%	25% ≥ n> 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%
Debt/Pensions (20%)			AA: Strong						
Net Direct Debt / Full Value	5%	0.75%	AA: Strong	<0.75%	0.75% ≤ n < 1.75%	1.75% ≤ n < 4%	4% ≤ n < 10%	10% ≤ n < 15%	>15%
Net Direct Debt / Operating Revenues	5%	0.60	AA: Strong	< 0.33x	0.33x ≤ n < 0.67x	0.67x ≤ n < 3x	3x ≤ n < 5x	5x ≤ n < 7x	>7x
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	5%	1.76%	AA: Strong	< 0.9%	0.9% ≤ n < 2.1%	2.1% ≤ n < 4.8%	4.8% ≤ n < 12%	12% ≤ n < 18%	>18%
3-Year Average of Moody's Adjusted Net Pension Liability / Op. Revenues	5%	1.40	A: Moderate	< 0.4x	0.4x ≤ n < 0.8x	0.8x ≤ n < 3.6x	3.6x ≤ n < 6x	6x ≤ n < 8.4x	>8.4x
Management (20%)			AA: Strong						
Institutional Framework: legal ability to match resources with spending	10%	"High"	AA: Strong	Very strong legal ability to match resources with spending	Strong legal ability to match resources with spending	Moderat legal ability to match resources with spending	Limited legal ability to match resources with spending	Poor legal ability to match resources with spending	Very poor or no legal ability to match resources with spending
Operating History: 5-Year Average of Op. Revenues / Op. Expenditures	10%	1.03	AA: Strong	> 1.05x	1.05x ≥ n > 1.02x	1.02x ≥ n >0.98x	0.98x ≥ n >0.95x	0.95x ≥ n >0.92x	≤0.92x

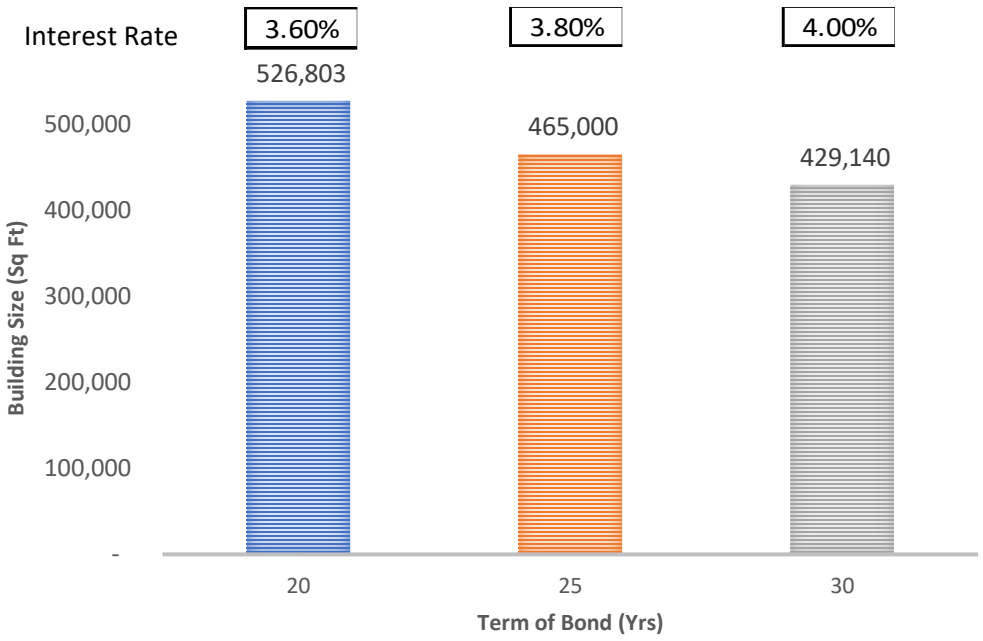
Source: BFAC analysis. Estimates of scores derived based on 2019 data. Moody's Approach to Local Government Credit Analysis 2019, Brookline June 2019 Draft Audited Financial Statements, Moody's March 2019 credit opinion, Brookline Assessors, U.S. Census Bureau

Appendix G:
Analysis of Commercial Development Needed to Support Debt on a New School

How much new commercial development is needed to pay the debt service on a $100 MM bond, a rough estimate of what it might cost to build a new K-8 school in Brookline?

If this debt were issued as a 25-year bond at a 3.8% interest rate (about 2% more than the October 2019 AAA cost of borrowing), the annual payments would be $6.3 million for 25 years. How much new commercial development would generate this much in new property tax revenues? The answer is 465,000 square feet (SF), according to a BFAC analysis.

This figure varies depending on the bond term. For example, if the debt were issued as a 20 year bond at a 3.6% interest rate, annual payments would be higher ($7.1 million), and so more new economic development would be required to generate the property taxes required to cover this higher amount (526,803 SF in). In contrast, if the town chose a 30 year bond issued at 4.0%, this would incur lower annual payments ($5.8 million), which could be covered from tax revenues of 429,140 SF of new economic development.



Using these three financing scenarios, BFAC prepared a real estate development analysis that considers newly constructed mid-scale commercial building(s) that address all four the following types of commercial uses: (1) general office, (2) medical office, (3) lab, and (4) hotel. These buildings are assumed to be constructed across multiple sites, mostly on Rt. 9, and at a scale that is believed feasible under current market conditions. This analysis assumes the general office, medical, and lab developments are each sized at 120,000 SF above grade (four floors each being 30,000 SF) with subsurface parking. The hotel is assumed to have 150 rooms with a total of 105,000 SF. This is generally consistent with recent Route 9 development feasibility analysis. The total above-grade area for all four property types is 465,000 SF.

Property tax rates were then assigned to categories of space within the building, an approach similar to that used by the Assessor's office to estimate taxes for proposed new development, i.e., prior to assessed valuations based on actual net operating income. The resulting projected tax revenues per square foot of above grade space compares favorably to existing comparable developments. In addition to property tax, the hotel would generate occupancy excise tax.

This economic development would generate upon completion and full valuation, estimated annual tax revenue of approximately $6.3 million. Since this is all from

commercial development with minimal demands on Town services, the net fiscal value to the Town is assumed to be equal to the tax revenue.

The full detailed analysis can be found on the BFAC homepage.
https://www.brooklinema.gov/1516/Brookline-Fiscal-Advisory-Committee

Appendix H:
Performance Management Metrics

Examples

City of Boston: City Score
https://www.boston.gov/innovation-and-technology/cityscore

City of Newton: Data Stat
http://www.newtonma.gov/gov/executive/metrics/overview.asp

Town of Lexington: Financial Summit I, October 30, 2019
https://www.lexingtonma.gov/sites/lexingtonma/files/uploads/budgetsummit1.pdf

Resources

Urban Institute
https://www.urban.org/policy-centers/cross-center-initiatives/performance-management-measurement/helping-governments-and

ICMA https://icma.org/topics/performance-management

Bloomberg Harvard City Leadership Initiative
https://www.cityleadership.harvard.edu/about

Appendix I:
Zero-Based and Outcome-Based Budgeting

Fels Institute of Government: **Municipal Budgeting Systems: Fad Management Tools or Strategic Methods of Innovation?**
https://www.fels.upenn.edu/recap/posts/1105

Select resources on Zero-Based Budgeting:

Zero-Base Budgeting Modern Experiences and Current Perspectives by the Government Finance Officers Association and the City of Calgary
https://www.gfoa.org/sites/default/files/GFOAZeroBasedBudgeting.pdf

Select resources on Outcome-Based Budgeting:

Bureau of the Budget and Management Research, City of Baltimore
https://bbmr.baltimorecity.gov/outcome-budgeting

Case Study Results, City of Baltimore by Results for America
https://bbmr.baltimorecity.gov/sites/default/files/bbmr_baltimorecity_gov/attachments/Final-Baltimore-Case-Study-Results-for-America.pdf

How Baltimore Switched to Outcome-Based Budgeting, by OpenGov
https://opengov.com/article/how-baltimore-switched-to-outcome-based-budgeting

Appendix J: Financial Improvement Plan Survey Responses & Templates

Responses to Facebook Survey 11/30/19 TO 12/7/19

What are your ideas on how to increase revenues and/or decrease costs in Brookline?

Showing 61 responses

Charge more for parking. Charge more for parking tickets. Capitalize on cannabis revenue. Open more cannabis stores.

12/7/2019 11:49 AMAdd tags –View respondent's answers

Here are a few ideas (no particular order): I understand that we have limited scientific labs from operating in our town because of some old bylaws or zoning (I had heard something about sinks or hoods, sorry if this is not accurate). Not sure if that's true, but seems like a wasted opportunity for developing the lab space adjacent to the hospitals that could bring in additional revenue. We could potentially develop a medical/science corridor or something in some part of Brookline through some improved bylaws or zoning. We could see how Cambridge or Boston are able to attract these types of firms, and think about how we could improve our scientific and entrepreneurial spirit in town. Also, I would look at PILOT payments from the many private universities and private schools again - are they in line with what they should be? Are they contributing their fair share? Also, I think we are not accessing all the grant funding we could for state programs, and potentially some philanthropic programs, for sustainability initiatives. It's a bit of a catch-22, because we need to pay staff to work on accessing these funds, but then it pays for them and more. We should see if there are grants to make our schools Green Ribbon schools Look at the Golf Course, too, and see whether it still makes sense to keep it's revenue self-sustaining and off-limits to the town. Perhaps the rates for golfing should be adjusted, and revenues could be partly allocated for additional open-space improvements around town (or acquisitions). Is there an opportunity for winter outdoor space there? There is only a $3 difference between resident and non-resident prices - seems like it's likely not increased for some time. I don't know the breakdown of how many people play golf (resident vs non resident), and how much that could affect things, but it seems silly that this HUGE municipal asset is off-limits to all discussion. Perhaps a public outdoor pool on the site would increase use of the facility by more town residents, and in turn revenue. (though providing public/private transportation to access the area would become important too). School districts started making PTOs get teachers to include all their supplies in their budgets, and encouraged PTOs not to pay for technology/apps because of safety/equity issues. Much of this is valid reasoning, however could those PTOs all chip in to a town-wide fund or something? I also think our teachers spend a lot of time/effort procuring their own supplies (from Amazon, etc), or have their students' families do that, rather than having bulk purchasing program for largely the same things that could be more sustainably and economically purchased in bulk. ex: binders, pencils, markers, glue sticks, classroom cleaning supplies/tissues, etc. I think families would gladly chip in cash rather than each have to go get these supplies separately so that schools can make more of it. So, I guess I'm suggesting a school supplies fee to the PTO, perhaps, that then gets donated to the school or district? p.s., why does your committee only have 3 women on it and 10 men? Was it really so hard to find additional women who can help with this analysis? I think you're missing out an important perspectives on addressing this issue.

12/6/2019 4:32 PMAdd tags –View respondent's answers

To increase revenues, I hope we will explore the possibility of a municipal wealth tax. It would, of course, have to be approved by the state. It could reduce pressure on property taxes during a period when school enrollment has gone up significantly. It might be $1 per $1,000 (.1%) of the total net worth above $10 million of Brookline residents and property owners. Paul Harris, Pct. 9

12/5/2019 3:34 PMAdd tags –View respondent's answers

I have gotten to know a number of new & temporary families with multiple children who have expressed gratitude - but also surprise - for the amount of resources the town spends on their children who are here for short periods of time; 1-3 years. Please understand I appreciate living in such a global community and do not usually feel we should not share and do our best. However, it is the families themselves that have brought to my attention that it is very costly and they think it is not really warranted or sustainable. For example, my neighbors, who are great Brookline Citizens, have left for a multi year stay in Europe. They rent their house to families for a school year - second family now here - Each of these families had 3 children - the last family - the kids did not speak English - this family they speak some - the school pours resources into helping those kids to learn English and transition into our classes. This allows the homeowner to collect high rent - but I do feel the resources are likely taken away from permanent resident families. We have high needs and the school system is experiencing budget cuts. Note that these families are typically 2 professionals - here for short academic/professional gigs - they have resources - they could pay for some of what we give them for free. They have expressed this to me themselves. Yes, it creates goodwill for Brookline - but at high cost. I don't know what the costs are, but I have been having these conversations for 10 years. Is there a way to attach a cost to the homeowner for adding non English language learners to the school system (I know that sound awful). Or at the least, revisit funds spent on temp, professional families that are receiving lots of services ? thanks

12/4/2019 5:50 PMAdd tags –View respondent's answers

Hi, I had previously filled out the survey but I just want to make sure the comments are anonymous . Thank you!

12/3/2019 6:30 PMAdd tags –View respondent's answers

Hi, I had previously filled out the survey but I just want to make sure the comments are anonymous . Thank you!

12/3/2019 6:30 PMAdd tags –View respondent's answers

Get more aggressive with ticketing people/businesses/buildings that don’t shovel their walkways. Reduce the office space footprint of town departments if possible- use telework and office sharing, move to cubes and workstations and eliminate private offices where ever possible.

12/3/2019 4:10 PMAdd tags –View respondent's answers

We seem to be on an aggressive parks renovation schedule- could we space the projects out a little more? The parks don’t seem run down or terribly in need of renovation, we’re just starting each project when the last one is done but if we added a year in between each project the overall quality of the parks would not be noticeably affected but we’d spread out the costs of the renovations and free up funds.

12/3/2019 4:02 AMAdd tags –View respondent's answers

We seem to be on an aggressive parks renovation schedule- could we space the projects out a little more? The parks don’t seem run down or terribly in need of renovation, we’re just starting each project when the last one is done but if we added a year in between each project the overall quality of the parks would not be noticeably affected but we’d spread out the costs of the renovations and free up funds.

12/3/2019 4:02 AMAdd tags –View respondent's answers

Allow Overnight parking with a permit fee

12/3/2019 2:37 AMAdd tags –View respondent's answers

Go to a city government structure for better efficiency and professional management of town finances. The town finances and population are too large for decentralized town meeting, select board, school committee decisions. Decisions take far too long, schools have wasted too much money on central administration hires, who supervises deparment heads(health dept, dpw, etc.) We did not elect the town administrator who appears to make many of the decisions in town. For example, the spending decisions and understanding of how to use the NETA money is fraught with misinformation and delays. It is time to go to a centraized city government structure as Framingham recently did. I would rather pay a mayor, mayor staff vs the select and school board members. It is easier to change government with a centralized mayor vs 5 select board members.

12/2/2019 10:16 PMAdd tags –View respondent's answers

(1) Increase the commercial tax base by targeting specific institutions and companies and offering to match them with specific parcels that can be identified by Community Planning & Development. (2) Send a real estate tax bill to Partners when it acquires the two medical office buildings. on Boylston St. If the offices are being used by Partners employees, the building is exempt because Partners is a non-profit. But if some for all of the offices are rented to for-profit medical practices, some or all of the building's value may by taxable. (3) Raise parking meter rates to $1.50/hour in 2020, and again in 2022. Every $.25/hour increase yields an additional $700,000 in revenue. And consider going to time-of-day pricing for meters, with a higher price during times of peak demand.

12/2/2019 12:49 AMAdd tags –View respondent's answers

We need to reach out to landlords to try to attract small business, entrepreneurs and services that are needed (no more banks, cell phone stores or nail salons pls) that will serve the community. For example - VCA Brookline Animal Hospital - a good employee and derive provider - is looking for a new facility. It would be so wonderful to keep it in Brookline so someone needs to work with these businesses!!!!

12/1/2019 8:39 PMAdd tags –View respondent's answers

1. adopt property transfer fee with revenues allocated to Affordable Housing Trust Fund, School Renovation/Construction, and land-banking. 2. zone for car free micro-units to maximize residential tax revenues while minimizing impacts on school enrollment. 3. target non-profit, tax-exempt properties for future acquisition by town (straight purchase or eminent domain), with a resale strategy favoring tax-generating, low-impact development (hotels, 40b projects) aimed at "age in place" renters/condo owners.

12/1/2019 6:39 PMAdd tags –View respondent's answers

1. Encourage varied retail uses that will attract visitors from outside Brookline and be attractive enough for our own residents to patronize. 2. Continue to encourage smart commercial development along the principal Brookline thoroughfares such as Rt 9/Boylston Street, Beacon Street, Harvard Street, and Comm Ave 3. Cost containment is going to be a tougher nut with inflation and an already efficient Town staff but energy conservation initiatives may yield stability for the Town over the long run.

12/1/2019 5:47 PMAdd tags –View respondent's answers

Add more parking meters in dense areas such as N. Brookline. BU uses Brookline streets for free parking for their sporting events and all Agganis Arena events.

12/1/2019 5:13 PMAdd tags –View respondent's answers

More parking spaces for overnight guests as well as monthly passes to purchase.

12/1/2019 11:47 AMAdd tags –View respondent's answers

Surtax rent. That is something people pay for without stigma, and wealthier people pay more of it.

12/1/2019 6:12 AMAdd tags –View respondent's answers

Increase revenue: charge way more than $25/year to obtain a resident sticker that allows one to park for longer than two hours. That's a great benefit of living in certain addresses. Increase the fee to at least $100. That's a 400% increase on that source.

12/1/2019 4:56 AMAdd tags –View respondent's answers

Ticket the hundreds of drives that go through the red light when turning from rt 9 east onto cypress. Hundreds of drivers every morning go through this light after it turns red and they block the rt 9 west traffic from moving forward when the light turns. Also ticket cars going through the red light rt 9 west at Washington/ high st. Ticket the hundreds of people who park illegally in Brookline. Cypress st in front of atlantic heating/ daycare, in front of the post office, in front of los amigos in Coolidge corner, in front of neta on both sides of rt 9. Ticket overnight parkers. Stop providing free parking for town employees. Most businesses and nonprofits in urban areas do not provide free parking for employees.

12/1/2019 4:09 AMAdd tags –View respondent's answers

Raise parking meter fees on Pleasant Street when there is a special event at BU. Impose a tax on Airbnbs. If scooters come back, ask for a cut.

12/1/2019 3:26 AMAdd tags –View respondent's answers

Decrease costs: We are spending way too much on fire departments. The current coverage of the town is excessive. Please benchmark to other countries, e.g. Germany! We barely even have fires in Brookline. Increase revenue: Raise property assessments values closer to real market values. Current assessment are ~15% below fair market value across the board. Moreover, once a house is sold for fair market value in an arms length transaction (not in $1 in-family sale), the tax basis should in all cases be set at the sale price. This would result in a massive increase in revenue without having to raise tax rates by anything. It is also fair to assess houses as close to their market value. Worst case, please increase property taxes. We have one of the lowest tax rates in Massachusetts and people can pay for it. We are homeowners and wouldn't mind a 10% tax increase. More NETA revenue: Agree to only continue marihuana sales in Brookline if the town tax is increase to e.g. 6%. NETA is not going to leave. Developer fees: Whereever a zoning variance is granted, this is basically a "free money" windfall for any property developer. Tax these "zoning windfalls" at e.g, 50%. The community is giving up public space, so it should get something in return.

12/1/2019 3:22 AMAdd tags –View respondent's answers

Raising the number of marijuana dispensary licenses issued to equal the number of licenses issued for the retail sale of alcoholic beverages (it is currently set to the state minimum, sans referendum, of 20% the number of alcohol licenses).

12/1/2019 3:15 AMAdd tags –View respondent's answers

More commercial development (especially in the underutilized Route 9 corridor), mixed use development in less densely populated areas of Brookline and not just Coolidge Corner, Private/public partnerships, renting out school parking lots (esp the Coolidge Corner School garage for parking during holiday shopping season). At the school department, cuts at Central Office which is very top heavy with 6-figure salaries.

12/1/2019 3:03 AMAdd tags –View respondent's answers

Go over spending with a fine toothed comb especially school admin

12/1/2019 2:07 AMAdd tags –View respondent's answers

More parking meters, higher meter rates, more parking enforcement. Upzone commercial districts to allow several floors of office space or studio/micro units with no parking above. Coolidge Corner and Brookline Village, but also along and near Comm Ave.

12/1/2019 1:41 AMAdd tags –View respondent's answers

The property at Newbury college presents a massive opportunity for raising funds- I've heard it said that the company looking to build there will need zoning concessions from the town and I believe that those zoning concessions should earn a large sum of money for the town, or at least be awarded as a trade for the other parcel of land on that property (free land for a school, perhaps!?)

12/1/2019 1:35 AMAdd tags –View respondent's answers

Raise impact fees from developers. They make a ton off of the Brookline real estate market and could afford to "chip in" a little more!

12/1/2019 1:29 AMAdd tags –View respondent's answers

A real estate transfer tax, but only on properties that hit are being sold for x percentage more than was paid for it. If a property was bought for $1 million and then sold for $1 million, there would be no transaction tax as that wouldn't be just to the seller. But if a person was able to sell their place for a significant amount more than they paid for it (the trigger point tbd), there would be a RETT. my thinking here is that if a person is able to benefit from skyrocketing property values because Brookline is awesome, they could give back to the town to make it continue to be awesome :)

12/1/2019 1:27 AMAdd tags –View respondent's answers

Eliminate printed materials and mailings for TMM. Switch to online materials only.

12/1/2019 1:15 AMAdd tags –View respondent's answers

Is it possible to have landlords pay the town a fee each time they get a new tenant in a unit? (New tenant tax?) With the rate of turnover of temporary residents, this could undoubtedly raise a lot of money!

12/1/2019 12:59 AMAdd tags –View respondent's answers

End single family zoning, to generate property tax income from multi dwelling development. It will also increase local spending (more residents), which will help local business profitability and sustainability and hence improve the intake of property tax from business. Switch all outdoor lighting (street lights, etc.) to LED where this hasn't already been done. Enforce traffic/bike/scooter laws better, which is will improve safety and reduce police and other town costs that result from handling roadway incidents - damage to public property, multiple police cars at the scene, etc. Any increase in income from fines will one a tiny bonus, but the savings in reduced crashes will be the real benefit - both to human life and limb, and to the town/police budget.

12/1/2019 12:31 AMAdd tags –View respondent's answers

Adopt the CPA at 3% and use the funds for affordable housing.

12/1/2019 12:28 AMAdd tags –View respondent's answers

There should be a penalty tax on landlords for empty storefronts!

11/30/2019 11:29 PMAdd tags –View respondent's answers

On-street parking permits cost $25/year. I think you can easily double it to $50 (I would happily pay $100 for the benefit). Give seniors and those on fixed income a discount in order to keep it at $25, but everyone else should pay more.

11/30/2019 11:24 PMAdd tags –View respondent's answers

Raise the cost of meter parking. I use the app now and, to be honest, I never bother to look at / reflect on how much it costs and I imagine I'm not alone in this...

11/30/2019 11:10 PMAdd tags –View respondent's answers

Create overnight street parking for a finite number of vehicles. 500 cars at $200/ month is over $1million a year! Obviously it would need to be only specific streets and only a few per street so as to limit impact during snow plow season ...

11/30/2019 11:08 PMAdd tags –View respondent's answers

If we changed zoning to allow more high-density, multi-family units. More people=more tax revenue, more spending at local stores.

11/30/2019 10:38 PMAdd tags –View respondent's answers

If we changed zoning to allow more high-density, multi-family units. More people=more tax revenue, more spending at local stores.

11/30/2019 10:38 PMAdd tags –View respondent's answers

Change 12 hour meters on brookline ave. Why are we subsidizing Boston hospital workers parking??

11/30/2019 10:34 PMAdd tags –View respondent's answers

Substantially increase parking fees, increase parking ticket prices (need to be more expensive than lot parking for events at Fenway), pay for Brookline parking permits. End single family zoning throughout Brookline and decrease parking requirements (a multifamily building brings in more revenue than single family homes and a lot more than parking lots). Recruit more businesses, especially along route 9 and close to I-90 (can we encourage lab space?). Upzone commercial and residenial along bus and transit routes and don't allow NIMBY's to overrule good town planning. Work out more robust PILOTS (payment in liu of taxes) for non-profits. Increase property tax rates to be in line with Newton, Boston, Arlington, and Somerville.

11/30/2019 9:34 PMAdd tags –View respondent's answers

Major effort on commercial development. No more overrides. People have had enough. They are killing this town. Balance the budget now.

11/30/2019 9:28 PMAdd tags –View respondent's answers

Major effort on commercial development. No more overrides. People have had enough. They are killing this town. Balance the budget now.

11/30/2019 9:27 PMAdd tags –View respondent's answers

Major effort on commercial development. No more overrides. People have had enough. They are killing this town. Balance the budget now.

11/30/2019 9:27 PMAdd tags –View respondent's answers

Build more modest schools. Permit more commercial enterprises, especially financially lucrative marijuana dispensaries

11/30/2019 9:18 PMAdd tags –View respondent's answers

Cut a lot of fat out of the School department Adminstration - They have hired so many administrators over the past few years it's out of hand

11/30/2019 9:17 PMAdd tags –View respondent's answers

Are there potential savings to having The Town of Brookline performing emergency medical services instead of contracting them out to Fallon? Watertown has a fire department that is responsible for EMS. What was their motivation for having this model? Did it save them money? Was there any degradation in level of service? Respectfully, Len Wholey TMM11

11/30/2019 8:59 PMAdd tags –View respondent's answers

Fire based EMS

11/30/2019 8:57 PMAdd tags –View respondent's answers

1. Less administrators in the school department at Town Hall 2. Less initiatives in the schools that teachers don't want and that only add to the spending 3. Better management of school construction projects so that money is not wasted

11/30/2019 8:52 PMAdd tags –View respondent's answers

1. Less administrators in the school department at Town Hall 2. Less initiatives in the schools that teachers don't want and that only add to the spending 3. Better management of school construction projects so that money is not wasted

11/30/2019 8:52 PMAdd tags –View respondent's answers

Real estate transfer tax, increase parking meter rate, increase cost of all parking permits, start charging for temporary permits unrelated to health care aides, increase excise tax rate, bring in more recreational marijuana shops, issue more parking & moving violations - there is a lack of enforcement on a daily basis, cut the ever growing central admin staff at the school department, make school department better live within their means, increase building department fees

11/30/2019 3:40 PMAdd tags –View respondent's answers

Raise property taxes on residential and commercial spaces.

11/30/2019 3:39 PMAdd tags –View respondent's answers

Parking spaces on Tappan Street across from the aquatic center, unified arts building, etc should have meters during the hours they aren't reserved for school use. There are about 40 parking spaces. By rough calculation, this could generate about $25,000 per year, depending on utilization.

11/30/2019 3:38 PMAdd tags –View respondent's answers

Decrease costs by fully enrolling all BEEP classes. It’s lovely but my daughter is in a class of 11 kids with one teacher and 3 para

11/30/2019 3:27 PMAdd tags –View respondent's answers

Increase police ticketing of cars parked in bike lanes/double parked. Easily $400 a day to be made

11/30/2019 3:25 PMAdd tags –View respondent's answers

End single-family zoning requirements. Allowing multi-family buildings as a right everywhere in town will increase property taxes remitted to the town while also enabling more people to be able to live in the Town

11/30/2019 3:23 PMAdd tags –View respondent's answers

aggressively enforce no parking in bus stops and bike lanes, towing cars and charging exorbitant fines to return a car to a driver who endangers the lives of those in our community

11/30/2019 3:22 PMAdd tags –View respondent's answers

seek to repeal prop 2 1/2 so that towns can raise the revenue they need through property taxes without having to go begging every time there is a capital project

11/30/2019 3:21 PMAdd tags –View respondent's answers

Aggressively ticket drivers for illegal behavior. For example, "blocking the box" is a major problem on Longwood on our border with Boston LMA. Charge a toll for non-Brookline residents using major roadways in town during rush hour (I can walk faster down Longwood than cars can drive at 8:30 in the morning) to reinvest in maintaing the roads and sidewalks. Reinstate the scooter program, but charge a higher premium for companies to have scooters on our land.

11/30/2019 3:15 PMAdd tags –View respondent's answers

Second test

11/30/2019 2:47 PMAdd tags –View respondent's answers

Testing out my survey

11/30/2019 2:46 PMAdd tags –View respondent's answers

TEMPLATE

<<Title of enhancement here>>

Opportunity Summary

Executive summary of what the potential enhancement is, whether cost savings, or revenue increase (or both.) This section should be a lettered list with a description, impact type, total potential impact, and any related key information.

A. There are over 2000 parking spaces in Brookline with varying rates based on location
B. If the town was to raise all parking meter rates by $0.25 per hour, the estimated revenue increase would be $833K per year
C. Raising parking meter rates would also encourage motorists to spend less time parking, which would increase the turnover of parkers, potentially driving more business to local merchants

Key Implementation Steps

Key implementation steps required to make such a change. This section should be a lettered list with high level milestones that could serve as a model for a project manager to build out a project plan.

A. Enumerate the entire list of parking meters, then add current rates and potential new rates with the goal of increasing rates $0.25 per hour per space
B. Bring proposal and seek approval of the transportation board
C. Work with transportation administrator to create a plan to physically increase rates on all meters (mechanical, electronic, shared space machines)

Annualized Opportunity

Summary of what the potential impact is. This section should be a lettered list with a description and total potential impact.

A. Estimated $833K annual increase in parking revenues

Implementation Structure

Summary of key stakeholders that would need to be involved This section should be a bulleted list of name and title of each stakeholders.

- Transportation Board Chair : Chris Dempsey

Implementation Issues

Summary of key issues that will need to be considered. This section should be a bulleted list with a description of each issues and its potential impact.

- Motorists - Push back from local car owners to increases in parking rates

Realization Confidence & Review

Summary of confidence this enhancement can be passed, and review criteria to look back on. This section should contain a lettered list of confidence % with adjusted impact, and look back time frame

A. Confidence : 90% implementation = 0.90 * 833K = 750K
B. Look Back : Impact should be evaluated after first six months

Enhance PILOT policy

EXAMPLE

Opportunity Summary

A. Enhance Brookline's PILOT Policy to mirror Boston's and Cambridge's relationships with its non-profit organizations
B. The town does not publish a list of PILOT program participants. Only the total PILOT revenue is published as part of the town's annual budget & financial plan.
C. When a property is acquired by a charitable organization that is currently taxable the property's taxable status does not automatically change. In reviewing the transfer and the application for exemption, the Assessors will make the charitable organization aware of the town's PILOT Policy and ask the organization to consider participating in the program. Any subsequent negotiation is led by the Town Administrator

Key Implementation Steps

A. Populate the table of Educational, Medical and Cultural Contributions in a format similar to the one published by the City of Boston.
B. Present new and improved PILOT agreement incorporating best practices from Boston and Cambridge to EDAB and the Advisory Committee
C. Propose a schedule of renegotiating new and improved PILOT agreements with key medical, educational and cultural organizations
D. Consult with Cambridge and MIT the benefits created by a special partnership requiring flexibility on both sides for future development.

Annualized Opportunity

A. Estimated $1.1 billion in tax-exempt property value, $15.37
B. commercial tax rate, assume 25% PILOT suggests $4.3 million opportunity The net opportunity (before Brigham purchases) is about $3.2 million.

Implementation Structure

- Executive: Mel Kleckner,
- Project Manager: Gary McCabe, Melissa Goff

Implementation Issues

- Define "Community Benefits Credit" in the context of Brookline's Town and School Needs
- Need to get ultimate approval from Select Board
- Potential push back from Partners Healthcare

Realization Confidence

- A - E: 80% = $2.5M

City of Boston 2019 PILOT Program

Fiscal Year 2019 Educational PILOT Contributions								
Institution	PILOT Value Basis	Requested PILOT	Community Benefits Report Received?	Amount of Community Benefits Credit Received	% of Community Benefits Credit Utilized	Cash Contribution	Remaining PILOT Request	% of PILOT Request Met
Berklee College	$ 172,081,023	$ 1,161,331	Yes	$ 580,665	100%	$ 292,768	$ 287,898	75%
Boston Architectural College	$ 19,056,500	$ 33,899	Yes	$ 16,949	100%	$ 16,949	$ -	100%
Boston College	$ 526,217,533	$ 3,620,146		$ -	0%	$ 357,943	$ 3,262,203	10%
Boston College High School	$ 27,176,500	$ 101,755	Yes	$ 50,878	100%	$ -	$ 50,878	50%
Boston University	$ 2,126,466,324	$ 17,325,936	Yes	$ 8,662,968	100%	$ 6,300,000	$ 2,362,968	86%
Catholic Memorial	$ 16,287,371	$ 10,758		$ -	0%	$ -	$ 10,758	0%
Emerson College	$ 250,971,000	$ 1,971,932	Yes	$ 985,966	100%	$ 141,591	$ 844,375	57%
Emmanuel College	$ 194,556,700	$ 1,500,496		$ -	0%	$ 100,000	$ 1,400,496	7%
Fisher College	$ 44,638,499	$ 247,679	Yes	$ 123,840	100%	$ -	$ 123,840	50%
Harvard University	$ 1,549,072,744	$ 12,798,006	Yes	$ 6,399,003	100%	$ 3,681,327	$ 2,717,676	79%
Mass College of Pharmacy	$ 109,297,000	$ 788,009	Yes	$ 394,005	100%	$ 394,005	$ -	100%
NE College of Optometry	$ 25,065,500	$ 84,114	Yes	$ 42,057	100%	$ 42,057	$ -	100%
New England Conservatory	$ 29,747,000	$ 123,236	Yes	$ 61,618	100%	$ -	$ 61,618	50%
Northeastern University	$ 1,423,782,813	$ 11,446,920	Yes	$ 5,723,460	100%	$ 1,700,000	$ 4,023,460	65%
Roxbury Latin School	$ 52,829,300	$ 316,127		$ -	0%	$ -	$ 316,127	0%
Showa Institute	$ 42,694,600	$ 231,435	Yes	$ 115,717	100%	$ 115,717	$ -	100%
Simmons College	$ 139,730,000	$ 1,042,328	Yes	$ 521,164	100%	$ 200,000	$ 321,164	69%
Suffolk University	$ 186,133,200	$ 1,430,104	Yes	$ 715,052	100%	$ 479,671	$ 235,381	84%
Tufts University	$ 158,298,762	$ 1,197,501	Yes	$ 598,750	100%	$ 450,000	$ 148,750	88%
Wentworth Institute of Tech.	$ 208,240,568	$ 1,614,848	Yes	$ 807,424	100%	$ 283,057	$ 524,367	68%
Winsor School	$ 41,283,900	$ 219,646	Yes	$ 109,823	100%	$ -	$ 109,823	50%

Fiscal Year 2019 Medical PILOT Contributions								
Institution	PILOT Value Basis	Requested PILOT	Community Benefits Report Received?	Amount of Community Benefits Credit Received	% of Community Benefits Credit Utilized	Cash Contribution	Remaining PILOT Request	% of PILOT Request Met
Beth Israel Deaconess	$ 813,129,901	$ 6,669,709	Yes	$ 3,334,855	100%	$ 3,334,855	$ -	100%
Boston Children's Hospital	$ 660,688,500	$ 5,546,906	Yes	$ 4,160,180	100%	$ 849,119	$ 537,608	90%
Boston Medical Center	$ 279,868,400	$ 2,181,475	Yes	$ 1,636,106	100%	$ 272,864	$ 272,504	88%
Brigham and Women's Hosp.	$ 790,984,135	$ 6,484,644	Yes	$ 3,242,322	100%	$ 3,024,526	$ 217,796	97%
Dana Farber Cancer Institute	$ 248,137,603	$ 1,948,254	Yes	$ 974,127	100%	$ 974,127	$ -	100%
Faulkner Hospital	$ 161,926,400	$ 1,227,816	Yes	$ 613,908	100%	$ 570,074	$ 43,834	96%
Franciscan Hospital	$ 50,402,000	$ 295,843	Yes	$ 147,921	100%	$ -	$ 147,921	50%
Harvard Vanguard	$ 109,848,200	$ 792,615		$ -	0%	$ 297,124	$ 495,491	37%
Hebrew Rehabilitation Ctr	$ 41,744,000	$ 223,491		$ -	0%	$ 30,750	$ 192,741	14%
Joslin Diabetes Center	$ 86,293,700	$ 595,778		$ -	0%	$ -	$ 595,778	0%
Mass Eye & Ear Infirmary	$ 116,908,100	$ 851,612	Yes	$ 425,806	100%	$ 425,806	$ -	100%
Mass General Hospital	$ 1,787,806,829	$ 14,814,764	Yes	$ 7,407,382	100%	$ 6,875,006	$ 532,376	96%
New England Baptist Hosp.	$ 132,181,873	$ 979,250	Yes	$ 489,625	100%	$ 371,012	$ 118,613	88%
Shriners Hospital	$ 106,097,400	$ 761,271		$ -	0%	$ -	$ 761,271	0%
Spaulding Rehab Hospital	$ 153,933,900	$ 1,161,025	Yes	$ 580,512	100%	$ 539,064	$ 41,448	96%
Tufts Medical Center	$ 401,044,500	$ 3,226,047	Yes	$ 1,613,023	100%	$ 1,613,023	$ -	100%

Fiscal Year 2019 Combined PILOT Contributions

	Requested PILOT	Community Benefits Credit	Cash Contribution	% PILOT Request Met
Educational	$ 57,266,205	$ 25,909,339	$ 14,555,085	71%
Medical	$ 47,760,501	$ 24,625,768	$ 19,177,351	92%
Cultural	$ 4,108,542	$ 1,961,668	$ 455,493	59%
	$ 109,135,247	**$ 52,496,775**	**$ 34,187,928**	**79%**

As of August 28, 2019

2014 & 2017 OSC recommendation

Increase parking revenues & decrease costs

Opportunity Summary

A. Parking and related fines accounted for revenues of $8.57M in FY'19
B. There are 2260 parking spaces in Brookline with varying rates based on location. If the town was to raise all parking meter rates by $0.25 per hour the estimated revenue increase would be $1.15M per year.
C. Adding 100 additional parking meters around the edges of current parking meters would increase revenue by
D. Increased parking ticket fees by 10% would increase revenue by $300K per year.
E. Ensure credit card and smartphone app fees are being covered by the consumers, and not the Town. These fees cost the town $100K in FY'19.

Key Implementation Steps

A. Enumerate the entire list of parking meters, then add current rates and potential new rates with the goal of increasing rates $0.25 per hour per space for day parking, and increase rates by 50% for overnight parking.
B. Bring proposal and seek approval of the transportation board
C. Work with transportation administrator to create a plan to physically increase rates on all meters (mechanical, electronic, shared space machines)
D. Work with transportation administrator to change credit card processing to pass costs on to the consumer vs. be covered by the Town.

Annualized Opportunity

A. Estimated $1.550M annual increase in parking revenues (increased rates and fines, decreased processing fees)

Implementation Structure

- Transportation Board Chair : Chris Dempsey
- Town Transportation Division of DPW : Todd Kirrane

Implementation Issues

- Motorists - Pushback from local car owners to increases in parking rates, fines, and having to cover processing fees

Realization Confidence & Review

A. Confidence : 90% implementation = 0.90 * $1.550M = $1.395M
B. Look Back : Impact should be evaluated after first six months

2005, 2011, and 2012 Town Meeting Article recommendations

Eliminate/Reduce Norfolk County assessments

Opportunity Summary

A. Brookline pays $1.04M annually to Norfolk County without gaining much if any by the way of services. All of the Town's current annual assessments go to pay for pensions and health insurance for retired county employees.
B. There are three options to lower this expense :
   i. Withdraw from Norfolk County
   ii. Abolish Norfolk County
   iii. Work to move support and costs of the county high school and golf courses to the state.
   iv.

Key Implementation Steps

A. Option A. Withdraw from Norfolk County
   i. Create plans for the Town to support services the County currently provides
   ii. Create a plan to cover pensions and health insurance for retired county employees that are currently supported by Brookline's assessment payment
   iii. Work with the state to legally sever ties between Brookline & the County
A. Option B. Work to abolish the Norfolk County Government
   i. Create plans for the Town to support services the County currently provides
   ii. Work with the state to legally dissolve Norfolk County
B. Option C. Move the high school and golf course to the state
   i. Work with County and State officials to move support for the high school to be under state jurisdiction
   ii. Work with County and State officials to move support for the golf course to be under state jurisdiction

Annualized Opportunity

A. Option A. This would depend on how much the cost of pensions and health insurance for retired county employees turned out to be. Could be up to $1.04M.
B. Option B. $1.04M
C. Option C. ~200-400K range (needs further estimate research)

Implementation Structure

- Town officials : Mel Kleckner
- Norfolk County Commissioners : Joseph P. Shea, Peter H. Collins, Francis W. O'Brien

Implementation Issues

- Options A & B require action from the State, that will be very hard to come by
- Option C would shift the tax burden to all of the towns and cities in Massachusetts, which may be hard to achieve

Realization Confidence & Review

A. Confidence :
   i. Option A. 20% implementation = $1.04M * 0.20 = 200K
   ii. Option B. 5% implementation = $1.04M * 0.05 = 50K
   iii. Option C. 50% implementation = $200-400K * 0.05 = ~$150K
B. Look Back : N/A - Brookline's relationship with Norfolk County or asset ownership would either be changed or it wouldn't

New recommendation

Increase Trash Collection Revenues

Opportunity Summary

A. Brookline converted to a Pay as you Throw trash collection system in 2018, however rates has remained the same since the programs inception
B. If the town was to raise all trash collection fees by 10% the estimated revenue increase would be $300K per year.

Key Implementation Steps

A. Identify market rates for private trash collection
B. Work with Brookline DWP on trash collection rate increases

Annualized Opportunity

A. Estimated $300K annual increase in parking revenues

Implementation Structure

- Public Works Commissioner : Andrew Pappastergion

Implementation Issues

- Residents & Businesses that pay for Town trash collection - Pushback from local residents and businesses on increases trash collection rates

Realization Confidence & Review

A. Confidence : 90% implementation = 0.90 * 300K = 270K
B. Look Back : Impact should be evaluated after first year on changes to program usage (did some consumers switch to private trash collection, did the split of small, medium, large, and multiple trash containers change)

2017 OSC recommendation

Increase school rental revenues

Opportunity Summary

A. The School Department has budgeted for gross revenue of $225,000 for the rental of facilities controlled by the schools
B. The rates charged by the school are under that of comparable local options. If the School Department was to increase rates to market rates the estimated revenue increase would be $100K per year.

Key Implementation Steps

A. Identify market rates for local child care coverage
B. Work with after school program boards and administration on rental rate increases

Annualized Opportunity

A. Estimated $100K annual increase in rental revenues

Implementation Structure

- PSB Superintendent : Ben Lummis

Implementation Issues

- After school program administration and boards - Pushback from after school programs on increased rental rates
- After school program members - Pushback from parents with kids in afternoon programs to potential increases in rates

Realization Confidence & Review

A. Confidence : 90% implementation = 100K * 0.90 = 90K
B. Look Back : Impact should be evaluated every one to two years as market rates will continue to change

Appendix K:
BFAC Implementation Plan

The attached chart details a proposed twenty-four-month implementation plan for BFAC's recommendations. A copy of this Appendix can also be found on the BFAC homepage. https://www.brooklinema.gov/1516/Brookline-Fiscal-Advisory-Committee

The following is the key to the abbreviations used in the chart.

Abbreviation	
AC	Advisory Committee
AUDIT	Audit Committee
CTOS	Committee on Town Organization & Structure
DTA	Deputy Town Administrator
DSUP	Deputy Superintendent for Administration & Finance
EDAB	Economic Development Advisory Board
FD	Finance Director
PB	Planning Board
PS	Planning Staff
SC	School Committee
SB	Select Board
SUP	Superintendent of Schools
TA	Town Administrator

				2020				2021				2022	
RECOMMENDATION	**Rec #**	**Entity (assigned to)**	**Ultimate Responsibility**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Maintain our AAA Bond Rating													
Evaluate key programs and services on a periodic basis.	**6**	DTA & FD	TA										
Require an investment analysis for new initiatives as well as look-back assessments.	**6.1**												
Create rubrics and metrics for establishing spending and investment priorities, including the identification of funding sources.	**6.2**												
Pilot test zero-based budgeting (ZBB) and outcome-based budgeting (OBB).	**6.3**												
Develop annual financial improvement plans	**10**	DTA, FD, TA	SB										
Monitor the Financial Improvement Plan Achievement	**11**	DTA, TA	AC, SB										
Annually compare the Town's financial position to the Moody's scorecard criteria	**17**	FD, DTA	TA										
Recommit to Maintaining Minimum Rainy Day/Budget Stabilization Fund Reserves	**13**	DTA, FD	TA										
Restore unassigned fund balance minimum 10 percent of Revenues, with a target of 12.5% of Revenues.	**13.1**												
Establish a Stabilization Fund Policy of minimum annual funding equal to 0.67%of Revenue	**13.2**												
Replenish and maintain the Stabilization Fund at 50% of the new Unassigned Fund Balance target.	**13.3**												
Establish a Total Fund Balance (total reserves) policy with floor of 12.3% of Revenues, with a goal of 15%	**13.4**												
Establish A Maximum Debt Policy	**14**												
Set policy to have Net Direct Debt (total debt level) divided by Revenue to at least the A level (0.67x<n<3x)	**14.1**												
Set a goal to achieve Net Direct Debt divided by Revenue to at least the AA level (0.33x<n<0.67x) by FY36.	**14.2**												
Commit to full disclosure and transparency of existing proposed and planned borrowings when asking taxpayers to approve new debt exclusions	**14.3**												
Enact zoning changes to incentivize new development in designated areas.	**12**	EDAB, PB, PS	SB, TM										

				2020				2021				2022	
RECOMMENDATION	**Rec #**	**Entity (assigned to)**	**Ultimate Responsibility**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Improve our Financial Decision Making													
Financial Education & Outreach	**18**												
Consolidate Town and School Financial Planning into a Single Integrated Financial Model	**16**	DTA,DSUP	TA,SUP										
Create an enhanced capital planning process covering the Town and Schools.	**9**	FD, DTA, DSUP	TA										
"Town-School Partnership" - Revisit the Structure, including Revenue Allocation Formula	**8**	TA, SUP	SB, SC										
Quarterly Financial Summits – Education and Setting Performance Targets	**2**	TA, SUP	SB, SC										
Adopt Common Financial Policies: Town and School	**1**	FD, DTA, DSUP	SB, SC										
Clarify Financial responsibilities & Authority	**7**												
Encourage Select Board Members to lead by example in establishing improved financial decision making.	**7.1**												
Clarify positions of financial responsibility and authority	**7.2**												
Increase transparency and comprehension through the professional revision of 1) documentation for budget policies and procedures; and 2) format and content of financial reports.	**7.3**												
Change the Town's Independent Audit and Accounting Firm Every 10 Years	**5**	FD, AUDIT	SB										

				2020				2021				2022	
RECOMMENDATION	**Rec #**	**Entity (assigned to)**	**Ultimate Responsibility**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Recognize We are Pushing the Capabilities of the Town's Current Governance Model													
Reform the Warrant Article Development and Review Process	**3**	AC, DTA	SB,TM										
Change the Structure, Scope and Composition of the Town's Advisory Committee	**4**	CTOS, AC	SB, TM										
Develop a Strategy to Plan for Periodic Tax Operating and Capital Overrides	**15**	AC,TA,SC, SUP	SB										
Any tax should be designed to allow for the broadest range of uses possible	**15.1**												
Voters must be provided more information when presented with future override and debt exclusion ballot questions	**15.2**												
As the Town develops plans, it must provide its taxpayers with the information that allows them to evalutae those plans and their costs on a basis entirely different from the current piecemeal approach	**15.3**												
Enact a policy to include in operating override requests the additional amounts necessary to maintain reserves	**15.4**												

Appendix L:
Fiscal Impact of 2019 Town Meeting Actions

Fiscal impact of 2019 Town Meeting Actions			
ARTICLE NUMBER	SUBJECT	FY21 EST	NOTE
20 (2019 ATM)	Menstrual Products	$7,309	
23 (2019 ATM)	Electrify Town Fleet		TBD- evaluating requests
24 (2019 ATM)	Green Town Electricity	$40,000	based on current REC prices
5	Oak Street	$399,500	debt service payment
7	Pavement Markings	$75,000	
16	E- Scooters		Staffing?
21	Fossil Fuel Prohibition		Inspection staff?
24	Citizen Complaints		Training?
29	EEAF Resolution	$525,000	
30	Community Engagement Plan	$79,728	1 FTE + benes
31	Climate change resolution	$295,951	study, 1 FTE + benes
	TOTAL	$1,422,488	

Appendix M:
Analysis of Select Warrant Articles

2019 Annual Town Meeting Article 20: Menstrual Products

The petitioner's Article Explanation acknowledged expenses would be incurred to purchase and install dispensing machines in public bathrooms, and the need for supplies on an ongoing basis, but provided no cost estimates for any of these costs.[55]
The School Committee's report did not discuss or estimate the expense or impact on its budget, and endorsed this article.[56]

The Commission For Diversity, Inclusion And Community Relations' report did not discuss or quantify its estimated expense, and unanimously supported the article.[57]
The Select Board's report noted that an estimate provided by staff indicated it would cost $50,000 per year, but did not distinguish between purchase, installation, or ongoing costs. It did not mention how this should be funded (either via new revenue sources or offsetting reductions in other expenditures). It unanimously supported the article.[58]
The Advisory Board's report referred to staff's estimate of $50,000 per year, but did not distinguish between purchase, installation, or ongoing costs. It did not mention how this should be funded (either via new revenue sources or offsetting reductions in other expenditures). It supported this article by a vote of 11-0-4. [59]
After the 2019 Annual Town Meeting and Special Town Meeting, Melissa Goff's estimated the fiscal impact for FY2021 of all passed Warrant Articles noted that implementing this Article would cost $7,309 in FY2021.[60]

2019 Annual Town Meeting Article 23: Electrify Town Fleet

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[55] https://www.brooklinema.gov/DocumentCenter/View/18846/2019-Annual-Town-Meeting-Article-Explanations
[56] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements
[57] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements
[58] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements
[59] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements
[60] BFAC Final Report

The petitioner's Article Explanation included several pages on the costs of shifting the Town's fleet to electric vehicles (EVs), which addressed purchase costs, maintenance, fueling, and charger installation. However, it but did not report the net impacts to the Town's annual budget. [61]

The Advisory Committee proposed an alternative Article that, which it unanimously endorsed. Its report provided no cost estimate or impact on the Town's annual budget.[62]

The Select Board's report provided no cost estimate or impact on the Town's annual budget of the petitioner's Article or the Advisory Committee's Article, but unanimously endorsed the Advisory Committee's article.[63]

After the 2019 Annual Town Meeting and Special Town Meeting, Melissa Goff's estimated the fiscal impact for FY2021 of all passed Warrant Articles did not report an estimate for the Article, instead noting "TBD – evaluating current REC prices". [64]

2019 Annual Town Meeting Article 24: Green Town Electricity

The petitioner's Article Explanation included this estimate: "The fiscal impact over FY 2021 - 2050 would be additional yearly increases of approximately $40,000."[65]

The Select Board's Climate Action Committee's report did not mention cost or impact on budget, but endorsed the Article (10-0-1). [66]

The Advisory Committee's report provided an amended version of the Article, and its only mention of cost was a statement that "The budgetary impact of purchasing additional RECs annually over FY2021– 2050 will be additional yearly increases of approximately $5,000, in the estimate of the petitioner." The Advisory Committee's report did not report an independent cost estimate. It did not mention how this should be funded (either via new revenue sources or offsetting reductions in other expenditures). Advisory supported its Article (19-0-3).[67]

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[61] https://www.brooklinema.gov/DocumentCenter/View/18846/2019-Annual-Town-Meeting-Article-Explanations

[62] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements

[63] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements

[64] BFAC Final Report

[65] https://www.brooklinema.gov/DocumentCenter/View/18846/2019-Annual-Town-Meeting-Article-Explanations

[66] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements

[67] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements

The Select Board's report did not refer to cost, did not mention how this should be funded (either via new revenue sources or offsetting reductions in other expenditures), and unanimously supported the article.[68]

After the 2019 Annual Town Meeting and Special Town Meeting, Melissa Goff's estimated the fiscal impact for FY2021 of all passed Warrant Articles noted that implementing this Article would cost $40,000 in FY2021.[69]

[68] https://www.brooklinema.gov/DocumentCenter/View/19221/Combined-Reports-May-2019-Annual-Town-Meeting-with-Supplements

[69] BFAC Final Report